



Shellharbour  
CITY COUNCIL

# Annual Report 2016-2017





# Acknowledgment

Shellharbour City Council recognises and respects the traditional custodians of this land the Wodi Wodi people and Dharawal people and acknowledge them as the original inhabitants of this region.

Council works together with our Aboriginal community to ensure our local cultural heritage is recognised, protected and celebrated through a range of programs and activities which we have highlighted throughout this report.

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# About this report

This annual report provides an overview of Shellharbour City Council's operational and financial performance during the period 1 July 2016 to 30 June 2017.

In particular, this report focuses on Council's work and achievements in implementing the strategies detailed in our five year Delivery Program 2013-2018. The strategies and actions contained therein are developed by Council in response to the expectations of the community (resulting from extensive community engagement) expressed as objectives in our ten year Community Strategic Plan (CSP) 2013-2023. These objectives are summarised into four focus areas reflecting the priorities of the local community – Community, Environment, Economy and Leadership. In summary, the strategies are how Council will achieve what the community needs and wants. An overview of Council's objectives and strategies is provided on pages six and seven.

This report also contains statutory reporting as prescribed by the *Local Government Act 1993* and *Local Government (General) Regulation 2005* as well as other legislation for which Council is required to report annually. The statutory reporting includes:

- Audited financial reports providing details of Council's financial performance for the year. Along with information provided throughout this report, the financial reports demonstrate our Fit for the Future status and how Council continues to achieve long term financial sustainability.
- State of the Environment report which provides information about the issues that are impacting on our local environment, the current condition of our environment; and the actions that are being taken and/or can be taken to address these problems and impacts.
- End of Term report which more specifically details Council's progress in relation to the key objectives of the four focus areas in the CSP achieved during the term of the current outgoing Council that is, 2011 to 2017.

More information about our Integrated Planning and Reporting framework including current as well as past plans and reports, is available on Council's website [www.shellharbour.nsw.gov.au/Council/Future-Planning/Integrated-Planning-Reporting](http://www.shellharbour.nsw.gov.au/Council/Future-Planning/Integrated-Planning-Reporting)



Focus area	Objectives	Strategies
community	1.1 Vibrant, safe and inclusive City	<p>1.1.1 Encourage and support activities and events where communities can gather and celebrate</p> <p>1.1.2 Develop creative opportunities for key partnerships and volunteering to support the community</p> <p>1.1.3 Make Shellharbour a friendly environment where people feel safe</p> <p>1.1.4 Have accessible community and cultural facilities available for current and future community members</p> <p>1.1.5 A creative community participating in arts and cultural activities</p> <p>1.1.6 Meet the diverse needs of the community through the delivery of quality and accessible community services and programs</p> <p>1.1.7 Provide innovative and inspirational opportunities for education and leisure through our library programs, resources and facilities</p>
	1.2 Active and healthy community	<p>1.2.1 Provide residents access to a range of services and facilities that are relevant and responsive to health and wellbeing</p> <p>1.2.2 Provide diverse opportunities for recreation and enjoyment in the city's parks and open spaces</p> <p>1.2.3 Provide a range of accessible recreational opportunities and associated facilities to cater for a broad range of ages, abilities and interests</p>
environment	2.1 Protects and promotes its natural environment	<p>2.1.1 Manage catchments effectively to improve the cleanliness, health and biodiversity of creeks, waterways and oceans</p> <p>2.1.2 Deliver projects which work towards the protection of biodiversity in our natural areas</p> <p>2.1.3 Demonstrate leadership on environmental planning and management</p> <p>2.1.4 Facilitate community involvement in caring for the natural environment</p>
	2.2 Practices sustainable living	<p>2.2.1 Undertake community education on best practice environmental sustainability and management of climate change</p> <p>2.2.2 Operate effective and sustainable waste management for the city</p> <p>2.2.3 Reduce our ecological footprint</p>
	2.3 A liveable City that is connected through places and spaces	<p>2.3.1 Establish the Shellharbour Civic Centre as a vibrant civic, commercial and cultural precinct</p> <p>2.3.2 Undertake all land use planning addressing social, economic and environmental principles whilst reflecting the current and future community's needs</p> <p>2.3.3 Promote innovative and flexible transport systems that provide convenient and sustainable movement</p> <p>2.3.4 Facilitate the provision of development that meets the changing needs and expectations of the community</p> <p>2.3.5 Recognise, protect and celebrate our heritage</p> <p>2.3.6 Deliver sustainable management of the community's assets for current and future generations</p>

Focus area	Objectives	Strategies
economy	3.1 Infrastructure is planned and managed in a way that meets the community's needs	3.1.1 Provide the community with a broad range of quality infrastructure, assets and facilities delivered in a cost-effective and sustainable manner 3.1.2 Improve the city's ageing assets, infrastructure and facilities to meet the needs of the community now and into the future
	3.2 Supported by a strong local economy with business and employment opportunities	3.2.1 Establish the Shell Cove Boat Harbour as a lifestyle and boating destination providing development, tourism and community opportunities 3.2.2 Encourage opportunities for local businesses to grow and prosper 3.2.3 Present a positive image of our city to create and promote work, investment and lifestyle opportunities 3.2.4 Support educational and employment opportunities that retain young people, attract new workers and provide opportunities for the unemployed
	3.3 Welcomes, engages and attracts visitors	3.3.1 Market our city as a tourist destination of choice 3.3.2 Support a dynamic, responsive and sustainable local tourism industry
leadership	4.1 Led by a Council that effectively represents the community	4.1.1 Mayor and Councillors are representative of the community and provide strong, cohesive and visionary leadership 4.1.2 Facilitate good communication and relationships with our community 4.1.3 Acknowledge and respect the Aboriginal community as the traditional custodians of the land
	4.2 Supported by a Council that is responsive, accountable and financially viable	4.2.1 Undertake Council activities within a clear framework of strategic planning, policies, procedures and service standards 4.2.2 Enhance an organisational culture using resources wisely, achieving quality outcomes, providing excellent customer service and seeking continuous improvement 4.2.3 Ensure Council's long term financial sustainability through effective short and long term financial management that is transparent and accountable 4.2.4 Utilise effective communication methods and technology to share information and provide services 4.2.5 Minimise risk and ensure continuity of critical business functions 4.2.6 Collaboratively plan and deliver emergency response and recovery services for emergency events



# Mayor's message

Creating a vibrant and safe place for residents and visitors has been the basis of decisions leading to facility upgrades, construction and cultural projects during the 2016/17 financial year.

Importantly, this year marked one of the most significant victories in Shellharbour Council's history, with the merger proposal successfully defeated. Now with the threat of the merger behind us, we can now continue to plan for our future.

## Dunmore Waste Recovery Centre

Improved recovery of reusable waste is on track with the redevelopment of the Dunmore Waste Recovery site.

This multi-million dollar advanced facility will make it easier to dispose of recyclable products, sending less waste to landfill. I encourage residents to make full use of the Food Organics and Garden Organics (FOGO) weekly collection system. Ongoing community cooperation will reduce damaging and expensive landfill waste.

## Airport

Council has successfully secured regular passenger transport services for the community, with Jetgo services from Illawarra Regional Airport to Melbourne (via Essendon) and Brisbane to begin in October 2017.

This represents a significant milestone for our region, providing lower costs, time and stress when compared to travelling to Sydney Domestic Airport. Coupled with planned upgrades to the airport terminal, the airport is set to be a major economic driver for Shellharbour's future tourism and employment sectors.

## Civic Centre

The Civic Centre is almost complete and will open by the end of 2017.

The purpose-built facility will create a much needed physical heart for our city, providing a city library, museum, public auditorium, Council chambers and administration building. Outdoor spaces include a Civic Square and parkland. This community facility will provide our growing population with the public facilities it needs to serve our city now and into the future.

## Shell Cove

The Shell Cove project is progressing rapidly with the start of construction of the new Town Centre. This will include a tavern, restaurants, hotel, park, community centre, library and promenade. The project will boost tourism, employment and provide a world-class drawcard for our city.

The harbour will be filled by ocean waters by the end of 2018 and when finished, will house the largest marina in NSW.

## Cultural life

The growth of the Lake Illawarra Art Trail to include new sculptures has added to the cultural fabric of the lake foreshore, incorporating stories and physical items collected by the community that represent the relationship between residents and the lake.

We will continue to drive forward with plans to engage residents and meet the community's vision for a vibrant, safe and dynamic city.

**Marianne Saliba**  
Mayor, Shellharbour City



# General Manager's message

This financial year commenced with Council, as an organisation, needing to respond to community expectations and resolutions of the elected Council regarding the proposed local government merge.

This had to be undertaken in a business-as-usual environment, continuing to provide services and products to the Community and customers in a way that delivered value for money and benefits to our stakeholders.

During the entirety of the year, Council focused on achieving the seven ratios identified in the NSW State Government's 'Fit for the Future' reforms. Council demonstrated its ability to meet all of these ratios which resulted in a true partnership between Council staff, the community and Councillors.

Part of Council's 'Fit for the Future' effort focused on an infrastructure renewal backlog using resources made available to Council by the community as part of the Special Rate Variation (SRV). These funds have directly improved the assets and amenity of the city. The last incremental growth in the SRV occurred this year. Because of this, Council's infrastructure backlog is under a much greater level of control and management.

At year's-end, Council was able to report a surplus of operational funds which can now be returned to providing other services and products our Community needs.

Council has seen a year of healthier returns on its existing business enterprises at Shell Cove, the Links Shell Cove and the Council Nursery. These enterprises will help Council ensure its financial health into the future, providing more funds to service residents' needs.

The city grew this financial year, with residential development continuing at the Waterfront, Shell Cove, Calderwood, Dunmore, Tullimbah, as well as in some other in-fill development areas. The needs and expectations of our growing community are being recognised and managed. In response, a balanced yet responsive budget and Operational Plan were developed for the 2017/18 financial year.

During the year, Council introduced a series of internal reforms aimed at improving accountability, culture, behaviours and expectation. This included the introduction of a business improvement program and new organisational structure. These reforms are designed to deliver benefits to our Community, Councillors, customers and Council.

The organisational structure created a directorate aimed at ensuring the financial sustainability of the organisation, another directorate to address the needs of our customers and Community and to make provisions for the assets and amenity of the city.

Separately, the Councillor-support function and organisational performance became a direct report to the General Manager to further ensure the reforms are successful and the needs of our stakeholders will be met and enhanced.

It has been a busy but productive year at Council, with the community and our customers the beneficiaries. Council remains committed to improving the delivery of service and infrastructure to stakeholders. The direction the organisation is taking now is aimed at achieving positive benefits in all areas of endeavour.

**Carey McIntyre**  
General Manager  
Shellharbour City Council

# Who we are Our place, Our people

Shellharbour City is an expanding urban area with significant rural areas and some industrial and commercial land uses. The City encompasses a total land area of about 147 square kilometres, including beaches, rivers, National and State parks and other significant parklands. The original inhabitants of the Shellharbour area are the Wodi Wodi tribe of the Thurawal Aboriginal people. The main urban centres are Shellharbour City Centre, Shellharbour Village, Albion Park, Warilla and Oak Flats. Most of the rural areas are in the south and west, with rural land used mainly for crop farming, dairy farming and grazing.

During the 1990s, growth took place particularly in the eastern areas of the City, around the suburbs of Warilla, Mount Warrigal, Barrack Point and Barrack Heights, however, within the last ten years, growth has been greatest in the new release areas of Albion Park, Flinders, Blackbutt and Shell Cove.

It is expected that population changes in the future will be influenced by two key factors. The older established suburbs such as Warilla and Oak Flats will undergo a new cycle of population growth and change as older persons leave their homes and make their way for younger households, including families. Meanwhile, development will continue within Shell Cove (particularly the Marina), rural areas of Tullimbar and Calderwood and parts of Shellharbour City Centre.



Couples with children  
**35.5%**  
NSW 31.7%



Couples without children  
**25.3%**  
NSW 24.5%



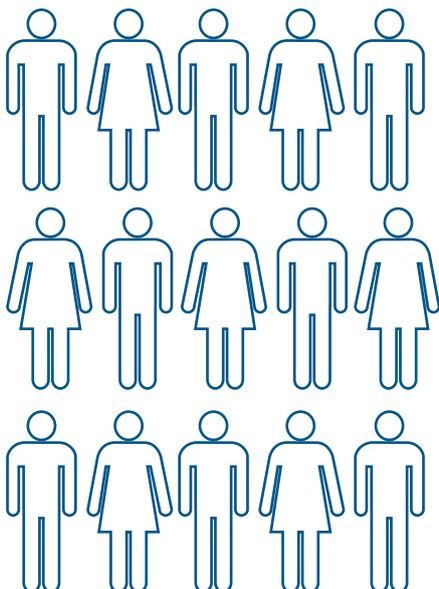
One parent families  
**14%**  
NSW 11%



Lone person household  
**20.1%**  
NSW 23.1%

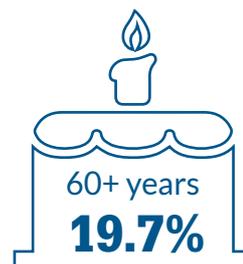
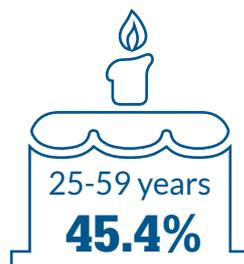
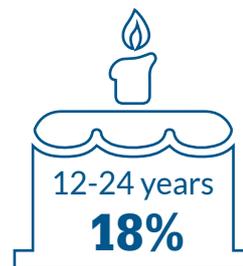
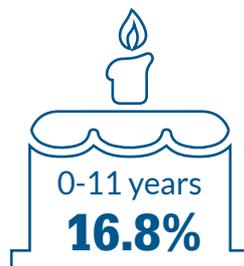
Population of  
Shellharbour in 2016 was

**70,511**



Average  
household size

**2.7**





**90%** of residents are Australian citizens (NSW 82.7%)

**3.8%** of residents are Indigenous Australians (NSW 2.9%)



**16.6%** of residents were born overseas (NSW 27.6%)



**9.1%**

were from non-English speaking backgrounds (NSW 21%)

**1.2%**

Largest non-English speaking country of birth in Shellharbour City was Former Yugoslav Republic of Macedonia

### Highest Level of schooling



Year 10

**34.1%**

NSW 21.6%

Year 12

**34.7%**

NSW 52.1%

TAFE

**2.1%**

NSW 1.9%

University

**2.8%**

NSW 5.0%

### Employment



Full time employment

**57.1%**

NSW 60.2%

Part time employment

**34.0%**

NSW 31.8%

Unemployed

**6.8%**

NSW 5.9%



Have a mortgage or own home

**67.5%**

NSW 61.1%



Renting

**25.6%**

NSW 30.3%



**\$1,340**

Median weekly household income

NSW \$1,481



Need for assistance with core activities

**6.7%**

NSW 5.4%



Persons aged 15+ who volunteer

**14.7%**

NSW 18.1%



Homes with internet connection

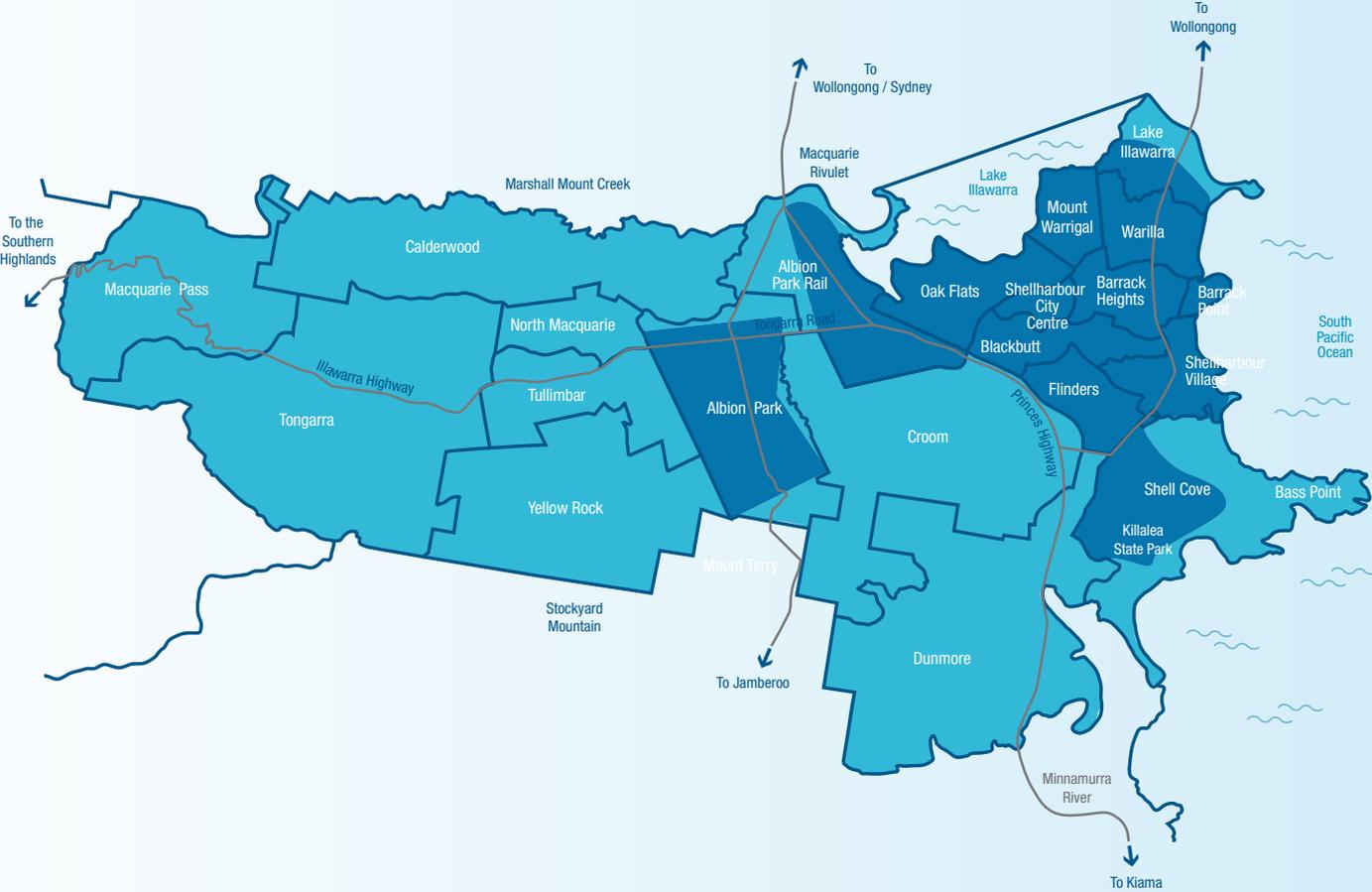
**77.5%**

NSW 78.2%

# Who we are

# Our Local

# Government Area



# Who we are Our Council

Shellharbour City Council comprises seven elected members who represent the community.

Councillors were last elected in September 2011. Cr Marianne Saliba was elected as Mayor at Council's meeting on 21 September 2015. Cr John Murray was elected as Deputy Mayor at Council's meeting of 20 September 2016.

The Councillors for the 2016-17 financial year are featured below.



Cr Marianne Saliba  
Mayor



Cr John Murray  
Deputy Mayor



Cr David Boyle



Cr Kellie Marsh



Cr Peter Moran



Cr Paul Rankin



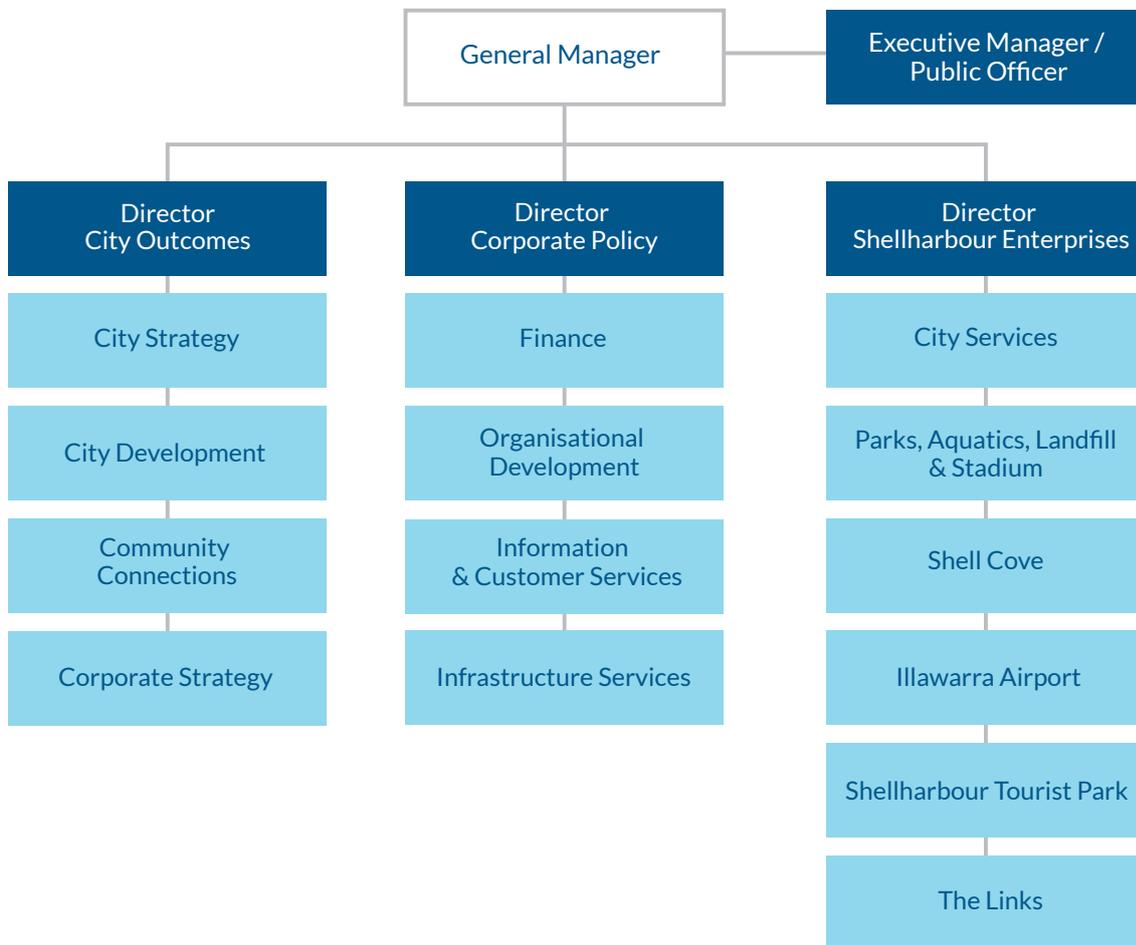
Cr Helen Stewart

# Who we are

# Our Organisation

Shellharbour City Council has a skilled and professional workforce who delivers a diverse range of services and activities to the local community.

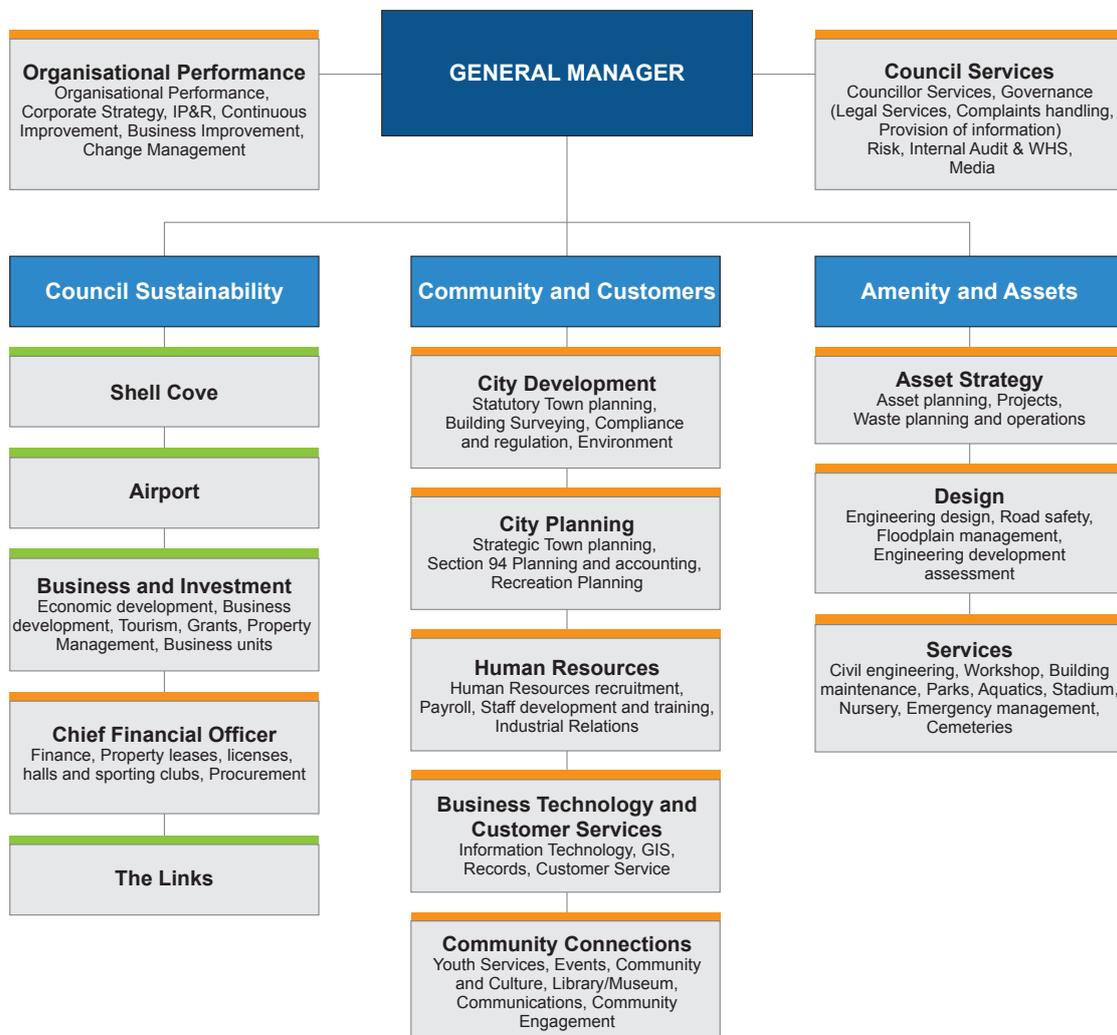
Prior to May 2017, these services and activities were grouped into key function areas as per the organisation chart below:



In February 2017 it was announced that the proposed merger with Wollongong City Council would not proceed. Following the announcement, Shellharbour City Council commenced a program of organisational reforms focusing on the community, councillors, customers and Council. The series of reforms embarked upon by Council are based on four key elements:

1. cultural improvement and values
2. accountability and behaviours
3. business and continuous improvement strategies
4. structural change

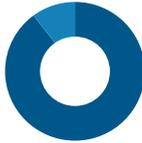
The last element of structural change came into effect on 15 May 2017. A new organisational structure was implemented to support the effective delivery of the other three elements of reforms. As a result, functions and services are now grouped into three directorates – Council Sustainability, Community and Customers, Amenity and Assets - with the Organisational Performance and Council Services groups reporting directly to the General Manager as depicted in the new organisation chart below:



# Who we are Our Employees



**372**  
Permanent/temp  
employees



**91%**  
(339)  
Permanent

**9%**  
(33)  
Temporary

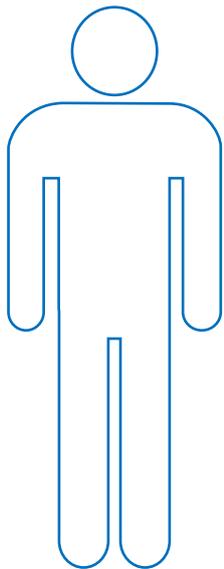
**543**  
inc casual  
employees

**56.45%**  
of employees  
live locally in  
Shellharbour LGA

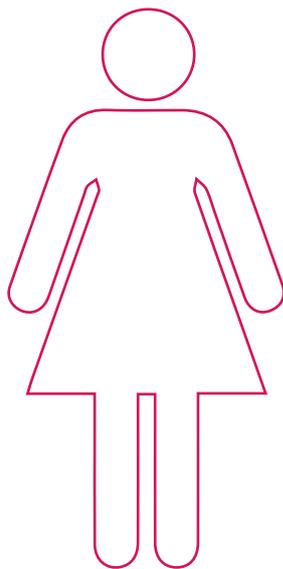
**Full  
time 78%**  
(290)



**Part  
time 22%**  
(82)



**54%**  
Male (201)



**46%**  
Female (171)



15-24 **15.23%**  
25-34 **19.27%**  
35-44 **22.20%**  
45-54 **25.59%**  
55-64 **15.41%**  
65+ **2.20%**

Baby boomers  
(1946 to 1964)  
**28.49%**

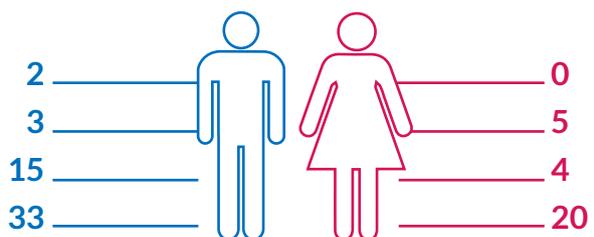
Generation X  
(1965 to 1976)  
**35.22%**

Generation Y  
(1977 to 1995)  
**34.14%**

Generation Z  
(1996 and later)  
**2.15%**

## Gender breakdown in management roles

**Executive (GM + Directors)**  
**Senior (group managers)**  
**Middle (managers)**  
**Supervisory (incl team leaders)**



Staff turnover rate (based on permanent staff only) **6.58%**

# Year in review

## Key Financial Results

Total Expenditure	2016/17	<b>\$ 144.572 m</b>
	2015/16   \$111.210 m	2014/15   \$97.394 m

Total Capital Spend	2016/17	<b>\$59.903 m</b>
	2015/16   \$26.954 m	2014/15   \$14.876 m

Net Operating Result	2016/17	<b>\$37.243 m</b>
	2015/16   \$23.447 m	2014/15   \$16.070 m

### Income breakdown \$'000

	Rates & annual charges	User fees & charges	Interest & investment revenues	Other revenues	Operating grants & contributions	Capital grants & contributions	Net gains from disposal of assets
2016/17	55,455	21,523	3,330	3,034	10,121	24,707	3,656

### Expenses breakdown in focus areas \$'000

	Community	Environment	Economy	Leadership
2016/17	17,667	28,472	21,300	17,230

A breakdown of expenses related to the Special Rate Variation and capital works can be found in the Statutory Reporting section of this report.

# Year in review

## Key Performance Results

In addition to the CSP **objectives** and DP **strategies** on which this report focuses, Council also monitors its progress against the actions identified in its annual Operational Plan throughout each financial year.

In our 2016-17 Operational Plan, a total of 176 actions were tracked and reported on a quarterly basis in Council's Quarter Review of the Operation Plan – all four reports are available on Council's website.

Following is a progress summary of the 176 actions as at 30 June 2017. **On track** indicates actions that were completed, or were on schedule to be completed, by end of the financial year. **Off track** indicates actions that experienced delays due to various factors described in the aforementioned reports.



# Year in review

# Awards and Recognition

Shellharbour City Council received the following awards during 2016-17 in recognition of several outstanding achievements and initiatives:

- The Library's clever technology was recognised with the achievement of a Highly Commended award from the NSW Public Libraries Association's 2016 Marketing Awards for the libraries and museum website.
- The Shellharbour Visitors Information Centre won the Gold award for the Visitor Services Category at the 2016 South Coast Tourism Awards. The Visitors Centre has been recognised as the best Visitors Centre on the South Coast for three years in a row. Due to winning this category for three consecutive years, the Visitors Centre was inducted into the Hall of Fame.
- In August 2016, Council won the Local Government NSW RH Dougherty Award in the Reporting to your Community category, recognising Council as a leader in NSW for the consultation and promotion of the Make Play Grow strategy.
- Council was awarded with a 5 Star Green Star Rating by the Green Building Council of Australia for achieving excellence in sustainable design for our new Shellharbour Civic Centre. The Civic Centre was recognised for its clever and innovative design that reduces its impact on the environment. It will consume two-thirds less electricity and produce two-thirds fewer greenhouse gas emissions than average buildings in Australia, making it cheaper to run as well. Materials used in its construction have also been selected to reduce the environmental impact.
- At the NSW Youth Work Awards ceremony held in December 2016, Council's Manager of Youth Services, Nick Higgins (now retired), was honoured with the Lifetime achievement award, perhaps the most distinguished award, for his long service within the youth work industry in the Shellharbour city area.
- The Shell Cove Project achieved national recognition when it became a finalist in two categories of the 2017 Property Council of Australia Innovation & Excellence Awards. These were for Best Residential Development and Best Master Planned Community.



# Year in review Calendar of Events **2016**

## July

Local Government  
Regional NAIDOC  
Awards Dinner



## August

Local Government Week – Your Council Showcase  
National Children's Book Week



## September

Shellharbour Bike About  
International Talk Like a Pirate Day  
\*Childs Play



## October

Loot in ya Boot  
Dogs Day Out  
\*Sculptures at Killalea



## November

White Ribbon Day Walk



## December

Carols by Candlelight  
Warilla Pool Open Day



\* sponsored event

# Year in review Calendar of Events

# 20 17

## January

Albion Park Pool Open Day  
 Splash into Movies under the Stars - Oak Flats Pool  
 Shellharbour Super Slide Day  
[Australia Day Celebrations](#)



## February

[Clean Up Australia Day](#)



## March

Seniors Week  
 The Ultimate Learner Log Book Run Experience  
 Harmony Day  
 Good Neighbour Awards  
[Loot in Ya Boot](#)



## April

\*Child's Play  
 Youth Week  
[ANZAC Day](#)



## May

Volunteers Appreciation movie night  
 Cities Service Boston  
[Reconciliation Walk](#)  
 \*Grandparents Picnic @ KidsFest 2017  
 National Simultaneous Storytime  
[Cultural Treasures - Multicultural Festival](#)



## June

No events held



# Our Achievements

In this section of the Annual Report, Council's performance is outlined in more detail focusing on outcomes achieved against each strategy listed in our Delivery Program 2013 – 2018 taking into account the results of our Operational Plan 2016-17. This information is categorised into the four focus areas of Community, Environment, Economy and Leadership with the following details provided:

- Summary of key facts for each focus area
- Achievements and/or progress against each strategy including a financial results breakdown and a percentage indicator of total performance met.
- Highlights showcasing key achievements.



# community



**162,161**

people visited  
the libraries

**268**

library programs and  
activities presented



**105**

reports of graffiti  
received and  
removed by council



**37**

road safety programs held



**31,321**

rounds of golf played



**167,205**

visits to City's pools

**46**

healthy ageing initiatives  
implemented or  
supported by Council

**56**

cultural programs,  
events and initiatives  
implemented or supported

**81**

actions from the Disability  
Access Committee  
progressed

**0**

confirmed cases of food  
borne illness or food  
poisoning originating from  
the Shellharbour area

**827**

building inspections  
conducted

**37**

community and civic  
events held

## Achievements - community

### 1.1.1

#### Encourage and support activities and events where communities can gather and celebrate

Council continues to facilitate a number of civic events, community led activities and open days that encourage and support residents to gather and celebrate. Highlights over the past 12 months include: Carols by Candlelight, Australia Day 'Breakfast by the Lake', White Ribbon Day Walk, ANZAC Day and the Cultural Treasures Multicultural Festival.

Carols by Candlelight was held on Friday 9 December at Reddall Reserve, Lake Illawarra. The crowds exceeded expectations with approximately 10,000 people attending the event. This event has become an annual meeting place for our community to reconnect in the lead up to Christmas holiday period. The event featured many local performers and is another example of the calibre of talent in our region.

Council hosted Australia Day Celebrations on 26 January at Reddall Reserve, Lake Illawarra. The Australia Day festivities opened with a Civic Ceremony, Breakfast by the Lake (7am-10am), live music, animal farm, pony rides and youth activities and performances until 2pm. All proceeds from the breakfast went to local charities.

Shellharbour City Council, in conjunction with Albion Park and Warilla RSL Sub Branches, held an ANZAC Day service on Monday 25 April 2016. The event was well attended by local schools, Ministers of Parliament (MPs), defence cadets, civic leaders and members of the community. The Historical Aircraft Restoration Society (HARS) honoured our service men and women with a fly over and the Salvation Army band were also in attendance.

New events included the White Ribbon Day BBQ and walk both held in November 2016 and the Cultural Treasures Multicultural Festival held in May 2017.

Operational  
Income

**\$106k**

Operational  
Expense

**\$700k**

Capital  
Spend

-

Total performance  
progress met





## New community events in 2016/17

### Celebrating cultural diversity

The inaugural **Cultural Treasures Multicultural Festival** was held on Sunday 28 May at Reddall Reserve on the Lake Illawarra Foreshore. A celebration of cultures from all around the world, the day saw performances by local multicultural entertainers, displays of traditional costume, music, dancing and singing, crafts, storytelling and multicultural services information.

A traditional maypole was available to dance around while a long table offered a shared space to sit together and sample the array of culturally diverse food available. A large world map also provided the public the opportunity to pinpoint their country of origin. The refugee community were represented with the Karenni dance group and a local talented guitarist from Syria.

The event was a great success with approximately 3,000 people attending and participating in the many activities on offer. Local media covered the event and positive feedback from the community saw it requested as an annual event.



### Promoting a safe environment

As part of Shellharbour's Safety Strategy, Council held its **White Ribbon Day BBQ and walk** in November 2016. The event was aimed at raising funds and awareness of domestic violence in the community.

The White Ribbon Day Walk was held in the Shellharbour Local Government Area for the first time with approximately 700 people in attendance. Due to the success of the event, it will now be held biannually in the Shellharbour Local Government Area. Shellharbour City Council will continue to be an advocate for domestic violence by sitting on the White Ribbon Day Committee and the Illawarra Committee against Domestic Violence. Council is also in the process of becoming a White Ribbon accredited organisation.

## Achievements - community

### 1.1.2

#### Develop creative opportunities for key partnerships and volunteering to support the community

Council has continued to develop key partnerships and seek opportunities to recruit and celebrate our volunteers.

Volunteers are essential in the provision of many of our services and programs. Volunteers at the Tongarra Museum continue to provide significant support in preparation for the transition to the new City Museum. This includes: the cataloguing of objects; the restoration of the printer drawers which will house the Rutledge Aboriginal Collection; the restoration of the taxidermy bird walnut display case and culling of archives.

Shellharbour City Council continues to facilitate and foster community partnerships that build community capacity, attract resources and promote local community initiatives. Council continues to seek grants for the expansion of local community initiatives and to support applications from volunteer organisations for grants.

ClubGrants NSW has worked with Council to facilitate the selection process for the distribution of \$236,000 to 39 groups in the Shellharbour LGA this year. The community funding scheme supports community welfare and social services, community development and projects aimed at improving the living standards of low income and disadvantaged people. The community funding scheme is supported by six local clubs, Albion Park Bowling and Recreation Club, Albion Park RSL Memorial Club, Oak Flats Bowling and Recreation Club, The Shellharbour Club, Warilla Bowling & Recreation Club and Warilla Sports Club. Eighty five local organisations applied for the round and over 30 community programs were successfully funded.

Operational  
Income

-

Operational  
Expense

**\$191k**

Capital  
Spend

-

Total performance  
progress met

**100%**

## Volunteers contributing to our community

### Museum

Volunteers at the Tongarra Museum have provided significant support in preparation for the move to the City Museum. The volunteers have assisted with digitising the museum collection on to the MOSAIC database. They have also worked on the restoration of significant items that will be on exhibition in the new museum. Restored items include the taxidermy bird collection, blacksmith tools, bush saws and a gramophone as well as cabinetry that will house the Rutledge Aboriginal Collection and the taxidermy bird collection.

### Bushcare

Regular bushcare group events continued throughout the year with over 100 working bees being undertaken at locations such as Tullimbar, Blackbutt, Flinders, Oakey Creek, Mt Warrigal, Koon Bay and Boonerah Point as well as work undertaken by the Green Army in Council reserves covering weed removal and planting at Bass Point Reserve, Blackbutt Reserve, Shell Cove and Alex Hoffman Reserve, Mt Warrigal. Altogether these working bees resulted from 2,076 volunteer hours for the year.



The Oakey Creek bush care group celebrated their 10<sup>th</sup> anniversary during the year. Volunteers and council staff have made a significant contribution to the area with several bird species, water dragons and turtles have returning to the creek as a result of their efforts.

A Bush Care Christmas party was held by Council featuring Shoalhaven Zoo and their animals as a way to thank volunteer bushcare groups for their efforts during the year.



### CityServ

City Serv contributed to two major projects this year being the outdoor classroom at Lake Illawarra High School and the Shellharbour Aboriginal Community Youth Association (SACYA) building and surrounds at Oakleigh Park Warilla. The Lake High project received funding through Council's donations committee with staff providing some technical support for the event. The SACYA event attracted 91 volunteers contributing some 364 hours of volunteer labour to enhance the building and surrounds at Oakleigh Park.

## Achievements - community

### 1.1.3

#### Make Shellharbour a friendly environment where people feel safe

Council has implemented a broad range of community safety initiatives in accordance with the Community Safety Strategy, Crime Prevention Plan, Domestic Violence Management Plan and the Graffiti Management Plan. These initiatives enable Council to assist and support a safe Shellharbour for both residents and visitors. It is to be used to inform our planning, programming and funding priorities over the next five years.

The Shellharbour Crime Prevention Partnership meet monthly to discuss current safety issues and hot spot locations within Shellharbour. Issues raised included current crime trends as noted by the NSW Police, graffiti incidents throughout the Local Government Area (LGA), riding of illegal trail bikes on roads, footpaths and reserves, initiatives to respond to number plate theft and stealing from motor vehicle offences, updating the community with current crime prevention information, initiatives to combat illegal dumping. Community safety pop up meetings continued with NSW Police and Council staff on a monthly basis. Issues discussed with residents included school zone parking offences and speeding, the 'Lock it or lose it' campaign, the Good Neighbour Awards, e-safety for children and domestic violence. The White Ribbon Day Walk, first held in the Shellharbour LGA in November 2016, will become an ongoing event held biannually to advocate against domestic violence.

Council's City Regulation Officers were acknowledged as the best in the state by the RSPCA for successfully re-homing dogs seized. Well over 50% of dogs seized are re-homed. The community can take comfort in such a standard should a family pet go missing. Poor driver behaviour in certain areas and school zones are continuing with a high level of infringements being issued. These areas will continue to be given a higher priority where there is the potential for the safety of children to be impacted due to poor driver habits. The annual 'Dogs Day Out' (DDO) was held in October with micro-chipping supplied free of charge and administered by City Regulation Officers on the day.

Road safety remained a strong focus in relation to Council's partnership in the Local Government Road Safety Program, which provides support for the planning and delivery of local road safety projects. Poor driver behaviour in certain areas and school zones are continuing with a high level of infringements issued. These areas will continue to be given a higher priority where there is the potential for the safety of children to be impacted due to poor driver habits.

Routine surveillance in the areas of food, building safety and backyard swimming pool fencing continues to provide safe environment for the Community.

Operational  
Income

**\$756k**

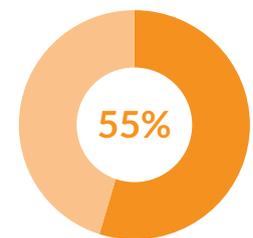
Operational  
Expense

**\$1.804m**

Capital  
Spend

**\$53k**

Total performance  
progress met



## Achievements - community

### 1.1.4

#### Have accessible community and cultural facilities available for current and future community members

Shellharbour City Council continues to work towards improving accessibility in the City for people with a disability. To ensure people of all abilities can access community facilities, work has been undertaken to improve access provided to beaches, parks and pathways.

The Disability Access Committee has also provided feedback to inform the review of the Development Control Plan (DCP). Enhancements considered included provisions for motorised scooters, roll top kerb ramps at intersections and access points, roundabouts and kerb ramps in carparks.

A number of bus stop projects were completed throughout the Local Government Area (LGA) and additional bench seating and picnic tables were installed.

Reports were presented to Council relating to a number of proposed lease and licence agreements and several applications for temporary licences for events on Council land were received and processed.

Council requested and was appointed Trust Manager of Strong Reserve and Pioneer Park which are Crown Reserves. This appointment enables Council to enter into temporary licences for the use of the land. Several temporary licences for events on Council land were approved at various reserves over the reporting period.

Council officers continued to assist with potential future hirers of the community centres with inspections taking place and various hire approvals issued.

Operational  
Income

**\$269k**

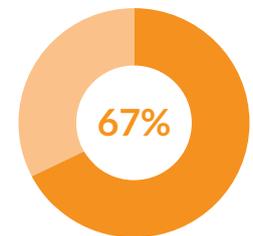
Operational  
Expense

**\$1.055m**

Capital  
Spend

**\$72k**

Total performance  
progress met

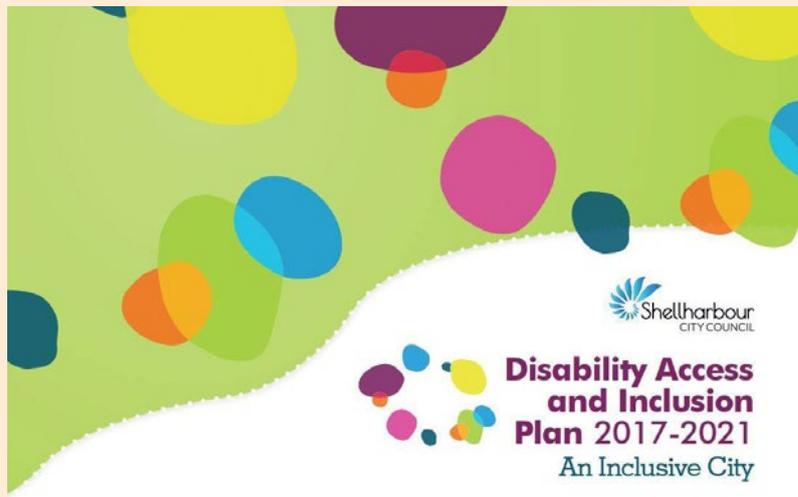


## An inclusive City

To contribute to Shellharbour City being a more accessible, age-friendly and inclusive community, Council adopted the *Disability Access and Inclusion Plan 2017-2021: An Inclusive City*. The plan will assist Council to effectively plan for and deliver on the diverse needs of people with disability in the community. The plan covers four main focus areas: developing positive community attitudes and behaviours; creating liveable communities; supporting access to meaningful employment and improving access to services through better systems and processes.

Council is continually working to improve accessibility in the City for people of all abilities. The Disability Access Committee provided input in the review of the Development Control Plan (DCP) with consideration given to enhancements such as provisions for motorised scooters, roll top kerb ramps at intersections and access points, roundabouts and kerb ramps in carparks. Various access improvement projects were subsequently completed in the 2016-17 year. These include:

- Signage and removal of lockable gates at Shellharbour North Beach
- Pathway and shared path access
- Bus stop access upgrades
- Kerb and other access ramps
- Toilet amenities improvements at Little Park, Shellharbour Village



## 1.1.5

### A creative community participating in arts and cultural activities

Council continued to deliver on the arts and cultural development strategy, *Make, Play Grow 2015-2019: A strategy for a more creative Shellharbour* which aims to create an environment where ideas, imagination and creativity can flourish.

The collaborative grant funded project, Weave Artists Directory, was officially launched on 11 August in an event at the Shellharbour Village Exhibition Space. The launch was attended by approximately 40 people and included presentations by Council and web developers, Hand Made Web, as well as live music and an interactive weaving demonstration. Artists listed on the website will be able to update and maintain their own profile to ensure that all details remain current. The project also provided initial training sessions with artists as well as ongoing technical and administrative support by both Shellharbour and Kiama Councils.

As part of the Lake Illawarra Art Trail, two leatherback turtles were installed in Boonerah Point Reserve. The artwork design is based on the leatherback turtle and has been fabricated from galvanised steel, concrete and mosaic. An installation site within Boonerah Point Reserve was determined, taking into account a number of factors including maintenance, preservation of existing open space and safety. A launch event was held on 28 June and was attended by a number of local residents as well as children and their carers from the Park and Play program.

Storyteller and musician, Bronwyn Vaughan, performed 'Turbans, Ties and Turkish Slippers' at Warilla Library to a crowd of enthusiastic children, including a group from the local childcare centre. A new mural was installed as part of the Oak Flats Urban Art Project, on the rear laneway facing wall of 66 Central Avenue. The artwork was completed by local artist, Courtney Beaton, and demonstrates her detailed style of line drawing. Since its completion, the mural has received positive support from the community.

The Shellharbour Village Exhibition Space hosted a number of events and exhibitions over the past 12 months. A highlight was an exhibition by two local artists titled 'Living and Dreaming'. An exhibition by Judi Goodwin and Brian Muurruunja Fuller crossed cultural barriers, exhibiting traditional Aboriginal art and modern style contemporary pieces side by side. The opening featured traditional Aboriginal performances of Didgeridoo and dance to the delight of the 65 people who attended. Over the week of the exhibition, 415 people visited the exhibition space.

Operational  
Income

-

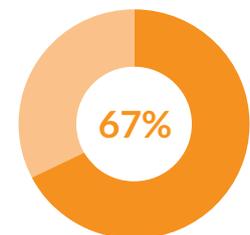
Operational  
Expense

**\$79k**

Capital  
Spend

**\$34k**

Total performance  
progress met



# Achievements - community

## 1.1.6

### Meet the diverse needs of the community through the delivery of quality and accessible community services and programs

Community Connections has worked collaboratively across Council and the community to promote a diverse range of activities and programs.

To contribute to Shellharbour City being a more accessible, age-friendly and inclusive community, Council adopted the *Disability Access and Inclusion Plan 2017-2021: An Inclusive City*. The plan will assist Council to effectively plan for and deliver on the diverse needs of people with disability in the community. The plan covers four main focus areas: developing positive community attitudes and behaviours; creating liveable communities; supporting access to meaningful employment and improving access to services through better systems and processes.

Council undertook and supported a range of initiatives contributing to Shellharbour City being a child-friendly city. Council supported the Child's Play event at Killalea in April, providing pom-pom making and musical instrument activities. This was a huge event attended by over 9,000 people with a wide variety of craft and sport activities, information and food stalls. It was a delight to watch children of all ages with parents and grandparents engaged in making pom-poms and music.

Council's annual Grandparents Picnic was held in May as part of the week long KidsFest Shellharbour festival. The event at Illawarra Light Rail also included activities by Housing Trust, University of Wollongong, Symbio Wildlife Park and LendLease. Over 850 grandparents, parents, carers and children enjoyed free train rides and a wide variety of craft activities and Council's pom-pom making activity was very popular.

The year six transition to high school, 'Day of Silly Hats' (DOSH) program, was delivered in Term 4, 2016. Now in its eleventh year, Shellharbour City Council Youth Services has been delivering the DOSH program at the end of each school year to over 14 public and private primary schools within the Shellharbour LGA. As at the end of 2016, the program has engaged with over 8,000 year six students right across the Shellharbour area.

In partnership with Illawarra Shoalhaven Local Health District, Council delivered a 'Come and Try' program for the new outdoor exercise equipment at Warilla and Elliott Lake. The program aimed to increase physical activity and social connectedness in residents over the age of 50 in Shellharbour City. Its implementation is in line with 'big ideas' from the *Healthy Ageing Strategy 2015-2017*. Twenty eight participants met each week to learn how to use the newly installed equipment under the guidance of a personal trainer. Exercise routines changed each week incorporating a range of exercises that the participants could do to complement the exercise equipment or at home.

During June, an event was held in honour of Refugee Week (18-24 June) at Warilla Library. The event included Council's Mayor signing the National Journey of the Refugee Welcome Scroll - a new initiative launched jointly by Rural Australians for Refugees (RAR) and the Refugee Council of Australia (RCOA). The inspiration for the scroll is to garner widespread support from local governments and communities in the successful resettlement of refugees. Following the signing, there was a screening of the movie *Cast from the Storm* with senior students from Warilla High School. The producer, James Cogswell, provided background to the movie and was available for questions after the screening. As an added incentive to support Refugee Week, Council offered local high schools the opportunity to show the movie within their school by sponsoring the screening.

Operational  
Income

**\$-131k**

Operational  
Expense

**\$530k**

Capital  
Spend

-

Total performance  
progress met

**100%**

# Achievements - community

## 1.1.7

### Provide innovative and inspirational opportunities for education and leisure through our library programs, resources and facilities

The libraries continued to provide innovative and inspirational opportunities for education and leisure through programs, resources and facilities. A total of 162,161 people visited the libraries during the year and there were 122,830 hits on the libraries' website.

#### Clever technology

The implementation of the Library and Museums Strategy 2024 continued. A key focus in this period was on delivering a digital branch to the community and maximising technology. The Library's clever technology was recognised with a the achievement of a Highly Commended award from the NSW Public Libraries Association's 2016 Marketing Awards for the libraries and museum website. The recognition was based on the website's:

- Strategic approach to marketing
- originality of solutions to marketing challenges
- potential for generating widespread public visibility and support for libraries

To assist the community in accessing the library's public computers a new PC Reservation system was installed at Warilla, Albion Park and Oak Flats Library allowing patrons to book their own public access PC sessions quickly and easily resulting in positive customer feedback. As well as providing ongoing technology training sessions with individuals and small groups, the library also promoted access to clever technology via a presentations to service clubs and community groups throughout the year.

A highly successful initiative that commenced in 2017 has been the delivery of Code-it-Yourself (CIY) Code Clubs for young people. The uptake of interest from primary age students has been high with weekly classes at Warilla Library filled to capacity with students learning programming skills covering gaming, robotics and app design.

#### Responsive and relevant collections

Shellharbour City Libraries are committed to providing a choice of relevant and responsive library collections, programs and services.

A consortia arrangement across nine libraries in the South East Zone has seen increased community access to online resources through the RB Digital platform. The resource-sharing arrangement has enabled members of the Shellharbour community to access a greater range of downloadable resources. The eMagazine offering has increased from 80 titles to over 370 titles resulting in significantly increased usage. The platform also provides 16,000 eBooks and 1700 eAudio titles to Shellharbour residents in line with our goal to provide 24/7 services.

A key focus in 2017 has been the planning of new collection resources for City Library to meet Shellharbour community interests. A full review of all library print collections was undertaken in early 2017. This resulted in the preparation of a comprehensive selection profile to guide book acquisitions for the City Library opening collection as well as ensuring that a relevant mix of resources is provided across all branches of the library service.

In response to customer needs and feedback, two upgrades to our children's collections have been implemented that will make our children's library collections more accessible and user-friendly. Children's picture books have been classified into 20 favourite topics making it easier for parents and children to find what they want. The Library has also reviewed and expanded children's books that support the Premier's Reading Challenge - a popular initiative in primary schools across the area.

Operational  
Income

**\$219k**

Operational  
Expense

**\$1.443m**

Capital  
Spend

**\$505k**

Total performance  
progress met

**100%**

## Achievements - community

### Programs

National Children's Book Week performances were delivered across the city at primary schools and day care centres. Council's libraries showcased the wonder of early literacy by Australian authors and illustrators, and spread a love of reading while promoting library services. Over 1,201 children were entertained by the creative library team.

Adult customers have enjoyed a variety of programs. Council's libraries had the opportunity to host two local author visits. Cancer survivor Jason Carrasco shared his remarkable story of courage, love and loss to a captivated audience at Warilla Library. David Dyer, a Titanic expert and sailor entertained visitors to Warilla Library about his debut psychological thriller 'The midnight watch'. Audience members were actively engaged with David's knowledge, passion and expertise about the Titanic and his strong storytelling skills.

The NSW Seniors Festival was a major program across our Libraries. Highlights included: a Seniors Travel Talk in partnership with Flight Centre at Warilla Library with travel planning & safety tips and an overview of popular destinations and 'Behind the Wheel' program providing safe driving tips for seniors in partnership with Council's Road Safety Officer and Horsley Driving School.

### Engaging the community where they are

Opportunities for lifelong learning have been enhanced through increased usage of the Library's online learning initiative, Universal Class. Over 800 lessons have been provided to Shellharbour library members during the year on a broad range of topics including technology, hobbies and self-development.

The Library's outreach program has taken a Pop-Up Library out to major events in the Shellharbour area during the year to raise awareness of the broad range of services offered by our Libraries. These included the opening weekend at Calderwood Valley, Kidsfest, Relay for Life and Child's Play as well as the Cultural Treasures Festival. Pop-up libraries were also staged during the Pool Open Days at Warilla, Albion Park and Oak Flats. The library has popped-up in partnerships with various community service providers to ensure that the Libraries reach out to the community where they are.

## Achievements - community

### 1.2.1

#### Provide residents access to a range of services and facilities that are relevant and responsive to health and wellbeing

Council engages widely with the community through the delivery of services and infrastructure to increase the health and well-being of the residents and visitors. This year, Council increased the collaboration with the community to help identify locations and infrastructure to increase the health and wellbeing of the community.

Throughout the year, a range of well-being programs and strategies have been implemented including: Healthy Aging newsletters, Cook Chill Chat program, Lake Windermere Project, and Shellharbour Women's housing Options project. The aim of the Lake Windermere Project is to work with the residents of Lake Windermere Caravan Park to increase their opportunities to participate in healthy living activities. The Women's Housing Options Forum was held to provide an opportunity for single women over the age of 50 to workshop housing options, access housing information and to network.

Installation, planning and monitoring continued for the outdoor exercise equipment trail this year. A 'come and try' program was introduced and finalised. The results showed an increase in physical activity levels and social connectedness. New equipment was installed at Barrack Reserve, Barrack Point. It is anticipated further outdoor exercise equipment will be installed in the 2017/18 financial year.

Over the last six months, Council has worked with a newly formed rugby union club and carried out field maintenance at Terry Reserve; an upgrade of skating facilities at Shellharbour Village; construction off a dog agility park in Oak Flats.

Council's aquatics facilities had a successful year. The pools and patrolled beaches were well attended during the nice warm months and less so when the rains set in around March. The pools continued this year to offer a range of opportunities to patrons through improvements to the learn-to-swim program, aqua-aerobics, inflatable days, and open days.

The Council pools received a face lift during the off-season to ensure the facilities are maintained to a high standard for our valued patrons.

Operational  
Income

**\$363k**

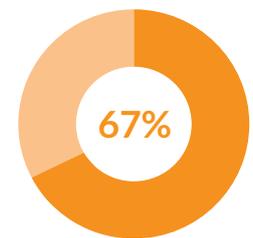
Operational  
Expense

**\$2.160m**

Capital  
Spend

**\$62k**

Total performance  
progress met





## Engaging our young and old

### Engaging with our ageing

An over 50s Women's Health and Housing Expo was held at Warilla Library as part of the annual International Women's Day event on 23 March provided older women with an opportunity to discuss health, housing and consumer concerns with service providers, have health checks, try a range of therapies and enjoy healthy food.

The expo was followed by the Women's Housing Options Forum held on 20 June. The forum provided an opportunity for single women over the age of 50 to workshop housing options, access consumer and housing information and network with other women with similar challenges. The forum is the result of Shellharbour City Council being successful in receiving a Department of Family and Community Services Liveable Communities Grant to the value of \$12,700 to address the issue of housing stress for older women in Shellharbour City with the results from this engagement informing future planning.

### Engaging with our youth

In mid-2016 an initiative was identified where unused bin enclosures at the depot could be refurbished and used as a community art project for local young people. Reusing existing resources to create opportunities for new and affordable community art also proved a cost saving to Council. A partnership between Youth Services and Waste Services developed with the latter providing the assets and covering cost of materials while Youth Services, as part of its 'Youth Workers in Schools' program, coordinated the project engaging local high school students to paint the enclosures.

Once cleaned and primed, high school students had the opportunity to create bright aerosol art designs. Several of these enclosures are now installed along the western edge of Ash Avenue carpark in Albion Park Rail. A successful joint project which has provided young people, identified as being in need of additional support or at risk, with the chance to be involved in enriching their local community as well as gaining new skills.



### Engaging with our young

To mark Local Government Week in August each year, Council hosted an event at Blackbutt Reserve with over 500 students from across four local primary schools attending. The event showcased the services Council provides in a fun and entertaining way to school aged children. Children were able to participate several of the many activities on offer ranging from stormwater education, learning about wildlife in Blackbutt Forest and discovering that Council's libraries are about fun, play, making noise and experimenting with art and technology. This event also provided Council with the opportunity to engage with students aged between five to twelve years on the 'play strategy', 'what they love' and what they 'don't like' about living in Shellharbour. Valuable information about where and how children play in our city was collected from interviews conducted.

### Engaging with our community

Council officers engaged children, young people, parents and grandparents on the upgrade of Little Park, Shellharbour Village and Keith Barnes Oval, Albion Park and what they would like to see in these play spaces.

Various engagement methods and activities were undertaken these included: drawing park design; brainstorming park themes; budgeting; and utilising technology through device activities.

A highlight was at Corpus Christi with Minecraft being utilised by students to capture the design elements of the playground at Little Park along with a video of the design. Students were also asked to create mood boards that would capture the essence of the space and provide a visual on what they would like the look and feel to be. Stakeholders included over 115 school students from year 1 to 12; 129 community comments on social media, and 227 online surveys completed on the upgrade of Little Park. The main theme that emerged from the consultation was to utilise the natural assets of the space. The top 3 equipment ideas were: tree house or maze, zip line/flying fox, and inclusive play equipment.

Community engagement also took place for Keith Barnes Park upgrade with over 180 students from year 1 to 12 consulted, 28 letters to adjoining residents, 47 online surveys, and 36 social media comments. Resulting feedback included moving the play space to a more visible location within Keith Barnes Oval, closer to the road – in view of Regal Heights Shops. The main theme for the look and feel of the play space was constructing it from natural materials with pops of colour.

## Achievements - community

### 1.2.2

#### Provide diverse opportunities for recreation and enjoyment in the city's parks and open spaces

Council's sportsfields were highly utilised this year mainly by sports clubs. Schools and associations also used Council's sporting facilities as per the following breakups:

- Sporting clubs – 92.2%
- Schools – 5.3%
- Associations – 2.5%

Though Council tries to minimise the days that weather affects the grounds through having them categorised; there were still rain affected closures especially in the month of March which had higher than average rainfall.

Council staff work closely with sporting clubs and associations to ensure the facilities meet the needs of the users. Discussions centred around field conditions and improvements, development applications, amenities building improvements, field allocations and change of season issues.

A meeting was held with the land owners, Healthy Cities Illawarra and the 2528 Project to discuss the future plans for the land and to advise of the draft masterplan for Crew Park. The Child Friendly by Design (CFbD) draft master plan and the consultation report produced by the CFbD for Crew Park has been circulated to the land owners for their review.

Operational  
Income

**\$818k**

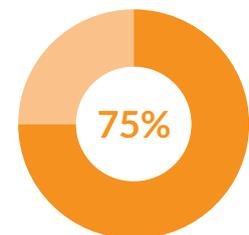
Operational  
Expense

**\$5.910m**

Capital  
Spend

**\$906k**

Total performance  
progress met



### 1.2.3

#### Provide a range of accessible recreational opportunities and associated facilities to cater for a broad range of ages, abilities and interests

Shellharbour City Council offers a wide range of active recreational facilities within the Local Government Area. Two specific facilities that cater for structured sports within Shellharbour City Council for residents and visitors includes The Links and Shellharbour City Stadium.

Shellharbour City Stadium has had gains in patronage in all aspects of delivery as well as an increased income across the financial year. Rental income increased due to a fitness company utilising one of the function rooms on a regular basis. Both sporting and non-sporting activities have grown in this time period. The introduction of Bubble Soccer equipment has proven popular this year. The highlight for the year was the attraction of the NSW Southern Junior Basketball to the Stadium with 1000 people in attendance.

The installation of the LED sign on site has enabled targeted and timely marketing for registrations and special events.

The overall financial performance of The Links delivered a very pleasing operational cash profit to Council of \$149k. This is the first ever cash profit under Council control. Membership has increased from 585 to 646 over the last 12 months and rounds played also increased from 29,911 to a record number of 34,065.

On the planning front, work to develop the new 45 lot subdivision adjacent to the course continues on both budgeted cost and time with the project expected to be complete by June 2018. Work has also begun on an updated Links business plan for the next four years. The plan will be presented to Council for endorsement by the end of 2017.

Operational  
Income

**\$3.836m**

Operational  
Expense

**\$3.795m**

Capital  
Spend

**\$273k**

Total performance  
progress met





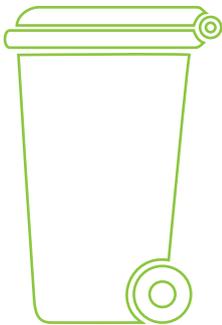
# environment



**2,090**  
trees donated



**104**  
bushcare/parkcare  
working bees



**60%**  
kerbside  
resource recovery



**11,560**  
tonnes of Food  
Organics Garden  
Organics (FOGO)  
collected



**2,892**  
people visited  
Tongarra Museum

**2,400** residents participated  
in Sustainable  
Shellharbour activities

**26** sustainability and climate  
change education activities  
delivered

**123** waste management  
educational programs  
delivered

**56** days average time taken  
for all development  
applications

**597** development applications  
approved

**86** pre-lodgement  
meetings provided by  
planning team

**15,477**  
tonnes of carbon dioxide equivalent  
reduced due to gas flaring at Dunmore  
Waste Disposal Depot.

## Achievements - environment

### 2.1.1

#### Manage catchments effectively to improve the cleanliness, health and biodiversity of creeks, waterways and oceans

Water quality sampling was conducted at sites located along major waterways and water bodies including Macquarie Rivulet, Elliott Lake, Bensons Creek, Tongarra Creek, Horsley Creek, Oakey Creek, Myimbarr and Dunmore wetlands. Water quality results have been assessed against the Australian and New Zealand Guidelines for Fresh and Marine Water Quality (ANZECC). The water quality results show various compliance rates for nutrients, bacteriological and physiochemical parameters. The lower compliance against the sampling guidelines can be attributable to long dry weather periods and warmer weather experienced this year. During these periods of dry weather, waterways often experience a decline in water quality due to pollutants accumulating and not being flushed by rainfall. All necessary gross pollutant traps (GPTs) were cleaned with waste transported to an appropriate waste facility.

The condition of the City's coastal swimming locations - Shellharbour North Beach, Warilla Beach and the Lake Illawarra Entrance lagoon - were assessed under the NSW Beachwatch program. All three swimming locations were assessed during the year as being suitable for swimming. Shellharbour and Warilla beaches achieved the highest possible ratings while the Lake Illawarra Entrance lagoon experienced a slightly lower rating, but remained suitable for swimming.

Environmental assessments of commercial and industrial premises were undertaken throughout the year. These businesses generally were assessed as requiring no remedial action to improve the environmental performance of their operations.

Annual reviews of Wetland Plans of Management were completed during the year. These reviews incorporate site assessments in conjunction with Natural Areas staff to establish progress of management plan initiatives over the past 12 months and an assessment of management actions, priorities and implementation responsibilities.

Operational  
Income

**\$608k**

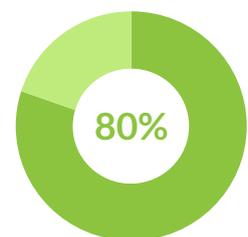
Operational  
Expense

**\$638k**

Capital  
Spend

**\$933k**

Total performance  
progress met



## Achievements - environment

### 2.1.2

#### Deliver projects which work towards the protection of biodiversity in our natural areas

Annual reviews were completed this year for the Boonerah Point Vegetation Management Plan, Stony Range, Bass Point, Pelican View Reserve, Currumbene Parkway (Flinders) and Light Rail Museum, Hargraves Avenue, Windang Island and Picnic Island Ecological Plans of Management. These reviews incorporated an assessment of progress against management initiatives and a review of management priorities, responsibilities and listing of new management actions.

A comprehensive (five year) review of the Shell Cove Reserve Plan of Management has been drafted. Such a review involves working with Natural Areas' staff to conduct mapping of management zones; identifying and mapping Asset Protection Zones and fuel loads; detailed vegetation surveying and mapping; and prescribing management actions and priorities.

Threatened plant species monitoring conducted throughout the year targeted the Illawarra Greenhood Orchid, Pink Rice Flower, White Flowered Wax Plant and Eastern Flame Pea. These species have struggled with varying weather conditions this year which has resulted in a poor flowering season. Grant funding has been gained from the NSW Office of Environment and Heritage to improve the habitat of the Greenhood Orchid and Rice Flower by reducing weeds and preventing illegal dumping. Council continues to liaise with the Noxious Weeds Authority to manage noxious weeds in the Local Government Area. Additionally, a new location of the endangered population of the Eastern Flame Pea (*Chorizema Parviflorum*) was found this year.

Monthly monitoring was conducted of the grey-headed flying-fox camp located at Blackbutt Reserve. This enables Council to record changes to the camp size and distribution in response to seasonal variations.

Operational  
Income

**\$7k**

Operational  
Expense

**\$199k**

Capital  
Spend

-

Total performance  
progress met



## Achievements - environment

### 2.1.3

#### Demonstrate leadership on environmental planning and management

Environmental Leadership continues to be implemented across Council. Highlights included a regional 'Connecting Over Fair Food' event, a staff Spring Planting Day, a 'Boomerang Bag' making session as well as participation and promotion of Clean Up Australia Day and Earth Hour.

Other ongoing leadership tasks include the supply and use of sustainable serving ware at Council events, encouraging carpooling through Council's intranet site and the upgrading of Council's fleet e-tags.

A number of programs were delivered under the NSW Government's Better Waste Recycling Fund. They included:

- Bag It - Living Plastic Free Shellharbour Village: Paper bags replaced 93,171 plastic bags in this initiative.
- Waste Collection Event 2016: An estimated 9.5 tonnes of e-waste was collected from 301 vehicles over the two days.
- Decluttering Workshop: A total of 17 residents attended the workshop which focused on sustainable means of decluttering their homes.
- 'Loot in Ya Boot': Two car boot sale events were held at Reddall Reserve with over 70 residents registering for a site. By collecting and reselling quality unwanted household items, residents helped divert approximately 400 shopping trolley of items going to landfill.
- Recycling Bags: Recycling bags were purchased to assist with the recovery of recyclables at the Shellharbour Beachside Tourist Park. Approximately 250 bags were handed out to visitors/campers as part of a trial program aimed at assisting with the recovery of recyclables whilst staying at the park.

Focus has been on the recycling of all five waste streams collected at the Recycling Bank at Council's Administration Office and the Revolve Centre at the Dunmore Recycling and Waste Disposal Depot. These streams include batteries, mobile phones, fluorescent globes, printer cartridges, CD's and DVD's. The recycling of these materials is funded under the NSW Environmental Protection Authority's (EPA) Better Waste Recycling Fund.

Council also submitted its application form to the NSW EPA for the 2017 - 2021 Better Waste Recycling Fund and once all applications are received from eligible council's, funds will be distributed accordingly.

Operational  
Income

**\$212k**

Operational  
Expense

**\$409k**

Capital  
Spend

-

Total performance  
progress met





## Sustainable Shellharbour

### Rockpool Creatures of the Illawarra

This year saw the launch of the 'Rockpool Creatures of the Illawarra' brochure. The brochure was produced in response to requests from the community that resulted from significant interest in Council's various rockpool exploring activities. The brochure was launched on Council's website and in a display at Council's administration building. Over 1,000 printed copies have been distributed, with positive feedback received on the content.

### National Pollinator Week

In November, Council's Environment team partnered with the Libraries team to deliver its first National Pollinator Week activity at Warilla library. National Pollinator week aims to raise awareness of the importance of bees and other pollinators for food production and the health of our environment. The activity was held as part of a Kids Time session and proved very popular, being fully booked out, with 30 children and 14 adults attending on the day. The activity involved local author Jody Cauduro storytelling her new book *While Mandy Waited*, a celebration of the seasons and the important role native & honeybees play in supporting the creation of our fresh food. A craft activity about native bees was also involved and positive feedback received from participants.

### Learning about reptiles

In the April school holidays, the Environment team partnered with the Libraries and Wildlife Rescue South Coast to deliver an engaging 'lizards and reptiles in the library' activity at Warilla library. This activity allowed 75 children and their carers to see Australian reptiles up close in a safe and exciting way.

In June, a 'snake and spider safety' training workshop was attended by 25 staff and community members. Feedback from participants was highly positive. Comments included "very well presented and highly recommended to anybody needing advice about snakes or works outdoors."

### Guided walks

Due to popular demand, the Windang Island guided walks were again conducted in August. A total of 35 residents participated with many positive comments being received including "Really enjoyed the walk and all the information. I didn't realise how many (creatures) live in a rockpool community and looking forward to doing more of these types of walks." Two Junior Coastal Explorer walks were also held during the April school holidays at Shellharbour South Beach giving 41 children and their carers an opportunity to learn more about our local rock pools and the amazing creatures that live there.

A spotlight walk at Blackbutt Forest was held as part of Biodiversity Month celebrations in September. Eighteen participants enjoyed seeing the myriad of creatures only visible at dusk or after dark, especially the 'belly dipping'



display put on by the resident grey headed flying foxes at the dam. These interesting creatures dip their bellies in the water then lick the water off their fur. Positive feedback was received from participants that included “Very enjoyable. Kids loved it!” and “Very interesting, thank you! “.

### Pool Open Day and Film Screening

The Pool Open Day and outdoor movie screening was held in January 2017 at Oak Flats Pool, which incorporated a variety of Council services including environmental education elements. Approximately 1,000 people attended with 400 people participating in the many environmental activities on offer. These activities included the screening of the Pick It Up litter collection video clip, a rock pool creatures display, Sustainable Shellharbour stall, Ocean Action Pod, Australian Seabird Rescue stall and roaming environmental actors. The screening of the movie ‘Finding Nemo’ and the provision of a hands on rockpool creatures display provided an ideal opportunity to promote Council’s new ‘Rockpool Creatures of the Illawarra’ brochure with over 100 copies distributed at the event.

### Fungi of the Illawarra

A new brochure was designed to give the community a glimpse into the unique and diverse world of fungi and highlight some examples of common local fungi. Community interest in the brochure was high, with extensive media coverage and numerous requests received for hardcopies.

To coincide with the launch of the brochure in April, a fungi workshop for staff and the community was organised with ecologist Alison Pouliot. The workshop proved very popular and was fully booked out within days of advertising. All surveyed participants found the activity increased their knowledge about local fungi. Positive feedback was received for both the brochure and workshop.

### Connecting over Fair Food

In celebration of National Fair Food week in October 2016, a ‘Connecting Over Fair Food’ event was held in partnership with Food Fairness Illawarra and Wollongong and Kiama Councils. The night involved a series of short talks from twelve local fair food champions from across the Illawarra, fair food displays including a Sustainable Shellharbour display featuring veggies and fruit trees from Council’s nursery, and catering sourced from local fair food providers. A special guest appearance was made by Costa Georgiadis, host of the ABC Gardening Australia program and a well-known advocate for fair food. The event was filled to capacity with 130 people and a waiting list of over 50 people.

“This event was so inspiring and reminding me that you can make a difference locally as sometimes you feel detached and overwhelmed on a global level. Such positive people, ideas and changes that are happening in the area are wonderful” – Participant at Connecting Over Fair Food event.

“Well structured, great location - warm & inviting, fantastic organisers, interesting speakers, great food - 6 star event!!!!” – Participant at Connecting Over Fair Food event

## Achievements - environment

### 2.1.4

#### Facilitate community involvement in caring for the natural environment

Council approved funding for five projects under the 2016/2017 Small Environment Grants project. The projects included St Joseph's Catholic High School for their project building a Mini Plastic Recycling Plant; PCYC Lake Illawarra for their project creating a Community Garden and Creative Space; Landcare Illawarra and Lake Illawarra South Public School for their innovative project Landcare Simulation Game for Stages 2, 3 and 4; SeaView Preschool for their project Sustainable Backyard Water Tank and the Illawarra Women's Health Centre for their Community Herb and Vegetable Garden project.

Regular bushcare group events continued with over 100 working bees being undertaken at locations such as Tullimbar, Blackbutt, Flinders, Oakey Creek, Mt Warrigal, Koon Bay and Boonerah Point as well as work undertaken by the Green Army covering weed removal and planting at Bass Point Reserve, Blackbutt Reserve, Shell Cove and Alex Hoffman Reserve, Mt Warrigal. Altogether these working bees resulted in 2,076 volunteer hours for the year. A Bushcare Christmas party was held by Council featuring Shoalhaven Zoo and their animals as a way to thank volunteer groups for their efforts during the year.

To mark Compost Awareness Week, Council held an Advanced Composting Workshop. The 26 residents who attended the course were taught how to make a Bokashi mix which they could use in their household Bokashi buckets or use as a compost accelerant.

As part of National Recycling Week, Council held three events. An E-Waste event was held at the carpark located on the corner of Benson Avenue and College Avenue, Shellharbour City Centre where an estimated 9.5 tonnes of e-waste was collected from 301 vehicles over the two day event. A 'Loot in Ya Boot' sale event at Reddall Reserve and two additional Advanced Composting Courses were also held.

The annual Clean Up Australia Day held on 16 February saw a total of 500kg of rubbish collected on the day. Fifty volunteers took part in the event that included six designated sites within the Local Government Area. A total of nine bags of litter, two bags of recycling and three shopping trolleys were alone removed from North Beach Shellharbour.

Operational  
Income

-

Operational  
Expense

**\$51k**

Capital  
Spend

-

Total performance  
progress met



# Achievements - environment

## 2.2.1

### Undertake community education on best practice environmental sustainability and management of climate change

Sustainable Shellharbour is a vibrant sustainability education program that actively engages local residents in achieving the Council's Community Strategic Plan (CSP) objective of 'Practices sustainable living.' Highlights of the Sustainable Shellharbour and waste education programs during the year included:

- Launch of the new 'Rockpool Creatures of the Illawarra' brochure during National Sea Week in September.
- First National Pollinator Week activity was held in November which aims to raise awareness of the importance of bees and other pollinators for food production and the health of our environment.
- Pool open day and movie screening held in January which was attended by over 1,000 people with 400 participating in various environment activities run as part of the day.
- Two 'Visit the Butterfly House' sessions held in partnership with Shellharbour Libraries during January school holiday activities which aimed to inspire care for our environment.
- New workshop 'Wild Pollinators - Native Bees and Birds' was held in March.
- Two 'Junior Coastal Explorer' walks at Shellharbour South Beach and a 'Lizards and Reptiles in the Library' activity held at Warilla library took place during the April school holidays.
- Nursery Open Day and Plant Sale held in April which included gardening workshops and a native bee display.
- 'Snake and Spider Safety Training' workshop held in June.
- Development and launch of a new 'Fungi of the Illawarra' brochure designed to give the community a glimpse into the unique and diverse world of fungi and highlight some examples of common local fungi.
- Earthworks courses where residents learnt how to home compost, how to build their own worm farms or how to set up a Bokashi bucket.
- 'Choose the Right Bin' courses which focused on the principles of recycling and the correct use of Council's three bin collection system.
- Food Organics Garden Organics (FOGO) information sessions detailing the correct use of the FOGO bin.

Interest in the monthly Sustainable Shellharbour e-newsletter has continued to increase with over 1,000 residents now subscribing to the monthly sustainability updates.

This past year has also seen 1,144 residents implement waste avoidance and resource recovery initiatives through downsizing their 240L garbage bin to a 140L garbage bin.

Operational  
Income

**\$18k**

Operational  
Expense

**\$248k**

Capital  
Spend

-

Total performance  
progress met



## Achievements - environment

### 2.2.2

#### Operate effective and sustainable waste management for the city

On 1 July 2016, the weekly Food Organics Garden Organics (FOGO) service commenced. During the past year a total of 30,948 tonnes of material was collected through the three bin kerbside collection system. 18,420 tonnes of this material was recovered and reprocessed. This resulted in a resource recovery rate of 60%.

Works were completed on the Revolve Centre (including 'The Tinkering' shop) with the site being officially re-opened on 21 February. Works have also progressed on the new Transfer Station, Weighbridge Building, Administration Building and FOGO facility with the internal fit commenced on the Administration Building and Weighbridge Building.

In July 2016, Council introduced the provision of nappy bins to families with children under the age of three. This initiative is to assist families by reducing the volume of waste in their red lid bin and reducing odours associated with the disposal of nappies. One Sengenic nappy disposal system was offered per household with an additional four plastic cartridges.

Council Rangers delivered the Littering and Illegal dumping strategies as part of the Environment Protection Authorities Regional Illegal Dumping Program (RID) with Rangers handing out littering bags, stickers and information cards and speaking with people on the issues of littering/dumping in our environment. All reports of illegal dumping have been entered into the online RID database which assists in identifying dumping hot spots within the Local Government Area. Surveillance cameras and signage have also been utilised as part of investigations. These have had a positive effect in reducing dumping and have resulted in offenders receiving fines for littering and dumping.

The Dunmore Recycling & Waste Disposal Depot continued to be operated in accordance with the Environment Protection Licence conditions, Site Management Plan and Procedure Manual.

Youth Services, in partnership with Council's waste team, continued to work with local high schools on an art program to refurbish a number of bin enclosures that were removed from the Shellharbour Village foreshore. The installation of these enclosures will assist with reducing illegal dumping and the incidence of theft.

Operational  
Income

**\$26.004m**

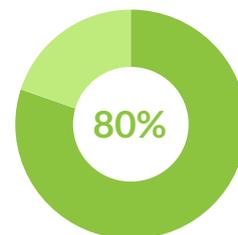
Operational  
Expense

**\$22.686m**

Capital  
Spend

**\$15.779m**

Total performance  
progress met





## Opening of the Dunmore Revolve Centre

The newly re-vamped Revolve Shop was officially re-opened on Tuesday 21 February 2017. The event was well represented by Resource Recovery Australia, Shellharbour City Council and local artists that assisted with the creation of the 'Tinkerage'.

The Revolve Centre includes a new awning that provides a sizable all-weather area for customers, a dedicated drop off location for customers to deliver their preloved items as well as shop parking and a new re-use and repair studio called the 'Tinkerage'. The latter is a new edition to the Revolve Shop which will provide a unique space for monthly workshops and other activities relating to the reuse and repurposing of materials.

The enhanced re-use store showcases the first stage of improvements to be made to the Dunmore Recycle and Waste Depot, as part of the \$14.6 million Resource Recovery Redevelopment program of works. Works have also progressed on the new Transfer Station, Weighbridge Building, Administration Building and FOGO facility with the internal fit commenced on the Administration Building and Weighbridge Building. Tunnels have also been installed at the FOGO facility including the in floor aeration system. It is anticipated that the first load of kerbside FOGO will be accepted at the facility in late 2017.

Modernising this facility is part of Council's commitment to reduce the amount of waste going to landfill by making it more convenient and appealing for people to utilise this facility. The improvements create a more comfortable and enjoyable experience for the shop's customers and staff and will assist in diverting more resources from landfill and provide a positive shopping experience.



## Food Organics Garden Organics(FOGO)

The introduction of the weekly FOGO bin service on 1 July 2016 has seen an increase in the amount of organic material collected through the kerbside service from 8,708 tonnes in the 2015-16 year to 11,560 tonnes in 2016-17 – a 25% increase in 12 months. A total of 1,144 residents have also reduced the size of their red lid (general waste) bin from 240L to 140L this past year.

During 2016/17 the amount of waste collected through the red lid kerbside bin has reduced by 2,047.62 tonnes when compared to 2015/16 tonnages which has resulted in an overall reduction in waste to landfill.

# Achievements - environment

## 2.2.3

### Reduce our ecological footprint

Council's water usage fluctuated seasonally throughout the year. Climatic conditions or potential faults in the system contributed to these fluctuations. Increases have also been observed at a number of facilities including Lamerton House, Croom Regional Sporting Complex, Oak Flats Pool, Shellharbour Links Golf Club, and Myimbarr Community Park. A large component of this increase has been due to greater irrigation and/or community use. Investigations continue into the purchase and installation of a Smart Meter to monitor the high water usage at Ron Costello Oval. Reductions have also occurred with recent proactive responses through the installation of water efficient installations, such as at Shellharbour Tourist Park, which will contribute to lower water usage.

The maintenance of the agreement to partner with Toyota Fleet Management has allowed Council to reduce its environmental footprint with Toyota vehicles' proven record in fuel efficiency, emission reduction and recycling. The agreement on all purchases of plant and equipment includes criterion to consider the environmental credentials and the impact on the environment allowing us to continually reduce the effect of the fleet. All purchases of plant and equipment has a criteria to consider their environmental credentials and impact on the environment allowing us to continually reduce the impact of the fleet.

The landfill gas extraction system at the Dunmore Recycling & Waste Disposal Depot actively extracts methane via a series of lateral and vertical wells within the landfill. The methane is directed to the flare at the site and is converted to carbon dioxide. The landfill gas extraction system at the Dunmore Recycling & Waste Disposal Depot reduced the sites emissions by approximately 16,400 tonnes of CO2 equivalent for the year.

Extensions of the gas extraction system was increased later in the year with the installation of 11 new vertical wells and the reconnection of five existing wells that were decommissioned due to works associated with the reshaping of the batters of Cell 1 and Cell 3.

Operational  
Income

-

Operational  
Expense

**\$13k**

Capital  
Spend

-

Total performance  
progress met



## 2.3.1

### Establish the Shellharbour Civic Centre as a vibrant civic, commercial and cultural precinct

The Civic Centre construction has had major progress over the year. The project team is worked closely with the contractor to monitor the project and update stakeholders. At the end of June, the wave roof installation was almost complete; cladding to auditorium was nearing completion; landscape works commenced; and concrete work commenced in the civic square.

Engagement with the community continued through letters updating progress which were issued to neighbouring residents of the site. In November, Council was advised that the Shellharbour Civic Centre had been recognised for achieving excellence in sustainable design by the Green Building Council of Australia (GBCA).

Library and museum staff have been busily planning for their relocation to the Civic Centre with cataloguing and packing taking place. In addition, the Museum Curator has continued to manage the restoration of significant artefacts in the collection in preparation for the move.

Determinations were made on the requirements for the new café to ensure it is operational from day one. The Council endorsed the preferred café operator and detailed planning has commenced for fit out of the café.

Staff engagement progressed throughout the year focussing on transition to the new site and a new way of working. Work on the 'Paperlite' project to reduce paper usage and storage in Council's work environment commenced in late December 2016.

Operational  
Income

-

Operational  
Expense

\$17k

Capital  
Spend

\$25.992m

Total performance  
progress met



## Achievements - environment

### 2.3.2

#### Undertake all land use planning addressing social, economic and environmental principles whilst reflecting the current and future community's needs

Land use planning and its associated community involvement continued in a number of areas during the past year. One area is the review and processing of planning proposals which address land use planning issues such as providing additional business, residential and industrial land for our community. The preparation and assessment of eight planning proposals occurred during this year. These planning proposals deal with land in both our rural and urban environments as well as specific land uses such as short term rental accommodation and heritage issues such as listing Council's northern boundary as a heritage item.

When Shellharbour Local Environmental Plan (LEP) 2013 was introduced in April 2013, there were about 1060 hectares of deferred lands. These lands were deferred for a number of reasons and Planning Proposals have been prepared and adopted by Council to bring those lands into Shellharbour LEP 2013. There are still about 620 hectares of deferred land in Shellharbour LEP 2013. Planning proposals will continue to be prepared to consider bringing those lands into Shellharbour LEP 2013.

A Development Control Plan (DCP) is a land use planning policy document used to provide guidance on preparing and assessing development applications. The Shellharbour DCP came into effect in June 2013 and is the product of rationalising over 40 now repealed DCPs and other land use policies into one DCP. A major review of this plan was undertaken during this year. The review aimed at increasing the legibility of the plan and further refined some of the plans objectives and controls. As important, the review provided the opportunity to incorporate key aspects of the recently completed town centre plans into the development control plan. The revised plan will be reported to Council in the second half of 2017.

Council continues to be well represented in state and regional planning matters including advocating for the local community through the lodgement of submissions and attendance at various engagement events coordinated by the state government. These included regular interactions with the Roads and Maritime Services (RMS) regarding the Albion Park Rail bypass and contributing to the revision of the Illawarra Urban Development Program through inclusion on the Illawarra Urban Development Committee. The committee is made up of Illawarra councils, state government agencies and development advocacy bodies and has two main roles. One is to facilitate identified development, especially greenfield development by assisting in the coordination of infrastructure providers and assisting in resolving development issues. Its other main role is monitoring housing delivery against state government supply benchmarks. Council continued to meet or exceed all benchmarks throughout this year.

Work is continuing on the Lake Illawarra coastal zone management plan. Approval was received from the Office of Environment and Heritage for the management plan to be developed under the new Coastal Management Act and be called a Coastal Management Program Project.

Operational  
Income

**\$8k**

Operational  
Expense

**\$533k**

Capital  
Spend

-

Total performance  
progress met

**100%**



## Coastal Zone Management Plan

Shellharbour has about seven kilometres of coastline and most of that is fringed by urban development, such as car parks, public reserves and housing. Coastal processes such as waves can affect this land. To assist us plan how this important strip of land is used, we are investigating the coastal process and how that may affect the land.

The draft Shellharbour Coastal Zone Management Plan was placed on public exhibition for 21 days during January 2017. A public information evening was held at the Roo Theatre in Shellharbour Village, which was attended by the consultants and Council to answer any queries that the community may have. A number of submissions were received and the plan was finalised and reported to Council for adoption in February 2017. The Plan has since been submitted to the NSW Minister for Planning for certification.

### 2.3.3

#### Promote innovative and flexible transport systems that provide convenient and sustainable movement

The shared used path strategy was implemented with external grants assistance where available. As such, all available funding streams mainly from Roads and Maritime Services (RMS), NSW Government and Federal Grants are checked on periodic basis and submissions prepared where appropriate. Through this process, Council has identified the Active Transport grant to allow Council to apply for cycleway/shared path jobs. This opens in the 2017/18 year and Council is currently scoping projects as identified in Council's Shared Use Path Strategy. Furthermore, Council utilised RMS funding to undertake path upgrades at Warilla High School as well as provided funding for footpath links to Tullimbar Public School.

To assist with convenient and sustainable movement, Council continues working to improve our transport systems. Items of interest include the approval of the sign and line marking plans for various stages of the Calderwood and Tullimbar Village developments, the submission of Public Lighting Design Briefs for various stages of these developments and a Public Lighting Management Plan meeting.

Operational  
Income

**\$164k**

Operational  
Expense

**\$334k**

Capital  
Spend

**\$62k**

Total performance  
progress met



### 2.3.4

#### Facilitate the provision of development that meets the changing needs and expectations of the community

A total of 597 development applications (DAs), including 92 applications to modify, were determined.

Application processing timeframes continued to be affected by resourcing and system implications, however progress in the area of system improvement has occurred and the number of DAs being processed has increased. The identification of additional resources to support the processing of DAs has been undertaken as part of the organisational reforms.

Within the 597 applications determined, 355 (60%) were determined within legislative timeframes (40 days). The average time for processing all development and modification applications was 56 days.

The number of subdivision applications received by Council remains high and is reflective of a strong and buoyant development industry. Areas within the Local Government Area experiencing this development pressure include Shell Cove, Tullimbar and Calderwood.

Significant developments approved in the last six months of 2016/17 include:

- Shell Cove - multi-unit development (18 town-houses) and subdivision at Boat Harbour Precinct. Retail supermarket, liquor tenancy and approximately nine speciality tenancies, construction of retail plaza at Boat Harbour Precinct with a value of \$15 million.
- Shellharbour City Centre - mixed use development up to five storeys high for 157 units and four commercial tenancies at Shellharbour City Centre with a value of \$26.5 million.
- Calderwood Valley - subdivision (stage 3A) to create 248 residential lots, five super lots, roads, drainage, stormwater infrastructure and landscape works.

Operational  
Income

**\$1.485m**

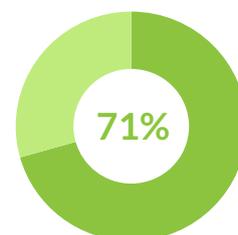
Operational  
Expense

**\$1.430m**

Capital  
Spend

-

Total performance  
progress met



## 2.3.5

### Recognise, protect and celebrate our heritage

To recognise and protect our history, Council ensures that Aboriginal Culture and Heritage is considered when reviewing development applications across the City. Several applications have been considered during the past year which reflects the diversity of the Local Government Area in terms of history and settlement patterns.

As part of the 2017 Reconciliation Week celebrations in May, 'Djindi' bridge was opened in Calderwood. After consultation with Council's Aboriginal Advisory Committee by Lendlease, the bridge was given this Aboriginal name, which means mist in Dharawal. The naming provides the opportunity for the wider community to participate in the revitalisation of the Dharawal language and acknowledges the symbolic links to the local Aboriginal people.

The Tongarra Museum continues to preserve, share and celebrate our city's heritage and community memory through a number of services and programs. Vintage curiosity drawers that will feature in the new City Museum have been beautifully restored and fitted out with perspex lids and locks by our talented and hardworking volunteers. Council's City Development team uncovered a vintage Topcon Mirror Stereoscope used by Council staff in the 1950s and 1960s to view topography (contours and aerial photographs) in 3D. This unit is in pristine condition and is a great example of the vast changes to technology in regards to mapping and geographic information systems since the mid-20th century. This item has also been added to the museum collection.

Shellharbour City Council's Gnomerger Gnomes, Gnorn, Gnigell, and Gneville, have also found a new home in the museum.

Operational  
Income

**\$2k**

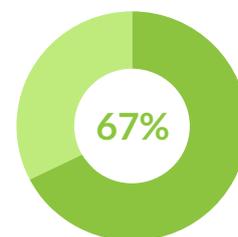
Operational  
Expense

**\$226k**

Capital  
Spend

-

Total performance  
progress met



### 2.3.6

#### Deliver sustainable management of the community's assets for current and future generations

Council has faced significant challenges in meeting community needs with regards to the adequate renewal of assets. As part of the Fit for the Future (FFF) reforms, it was identified that Council provide an increased focus on asset renewal to improve existing infrastructure. The objectives of Council's Asset Renewal Program are:

- Manage sustainably all of Council's assets and achieve an asset renewal ratio greater than 1.0.
- Provide the desired level of service for the assets under its stewardship for existing and future customers.
- Be a component of Council's overall Capital Works Program that is focussed on the delivery of asset renewal projects. The program is largely funded by the Special Rate Variation (SRV) and aims to improve the condition, safety and functionality of the City's assets in order to meet the community's needs.

The majority of the SRV, received to date, has been spent on Council's road assets. This work entailed road renewal works of asphalt overlays, patching, resurfacing and in some areas, stabilisation works. A number of stormwater renewal projects were also completed. Drainage pipes were relined which will seal pipe displacements that have been detected along the respective stormwater pipes and substantially extend their expected use. Other projects involved improving drainage, headwall replacements and scour protection. Council also renewed footpath and buildings across the City.

In addition to delivering capital renewal projects, Council commenced planning for the 2017/18 capital renewal program. Council procured services for road, play equipment and open spaces through asset condition inspections which will allow for accurate planning. The draft 2017/18 capital program was submitted and endorsed by Council in June 2017.

Operational  
Income

**\$4.360m**

Operational  
Expense

**\$1.688m**

Capital  
Spend

**\$287k**

Total performance  
progress met



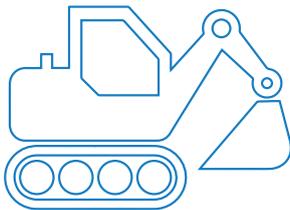


# economy

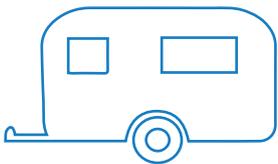


**\$59.9m**  
spent on  
capital works

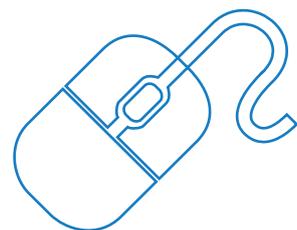
**\$8.5m**  
spent on  
asset renewal  
program



**97%**  
of asset renewal  
program delivered



**83%**  
occupancy level  
for Shellharbour  
Beachside Tourist Park



**96,873**  
visits to the Tourism  
Shellharbour Website



**11,979**  
enquires at the Visitor  
Information Centre

**487** Section 94 contributions  
levied

**140** capital works projects  
delivered

**59** economic development  
initiatives implemented or  
supported

**84** participants in Economic  
Gardening programs

**10** Shellharbour City  
Business Network  
meetings held with  
357 participants

**15** student work  
experience placements

### 3.1.1

#### Provide the community with a broad range of quality infrastructure, assets and facilities delivered in a cost-effective and sustainable manner

The year saw renewed focus on the provision of effective and efficient infrastructure to the community looking at the whole of life from strategic planning to construction through maintenance and renewal.

The ongoing review of key strategic planning document saw the public exhibition of the eighth review of the Section 94 Contribution Plan. The exhibition process was the end product of a positive consultative process and with no submissions received during the exhibition period the document was adopted and effective as at 28 September 2016.

In implementing these plans, Council received a significant number of Section 94 development contributions with double the target received. These contributions were received in relation to residential subdivisions and multi-dwelling housing developments.

The year also saw the adoption of Council's updated works-in-kind policy and continued negotiations with developers as on planning agreement proposals to facilitate the delivery of some of the infrastructure identified in our contribution plans. Our Strategic Planning and City Development sections also continued to implement the items in the Calderwood Planning Agreement into developments consents with staff working with Lend Lease on detailed aspects with 35 levies received under this agreement.

Our Engineering Design Services group completed above target levels of received requests helping to facilitate planning of current and future infrastructure works including our capital works, property management services, asset management and road safety works.

The delivery of the capital works program started slow, however a concerted effort in the second half of the year reduced the impact of these issues. Highlights of the program include:

- Shellharbour boat ramp renewal
- Tourist Park amenities building
- Links subdivision design
- Completion of Dunmore cell 5A works
- Gravel roads improvement program
- Oak Flats dog agility park
- Albion Park SES structural works
- Road renewal program
- Completion of the Riverside Drive embankment stabilisation works
- Handover of the Dunmore Revolve Centre to the operator
- Rehabilitation works on the sandmine with over 40,000 tonnes of rockfill
- Plant and motor vehicle renewal program

Operational  
Income

**\$10.128m**

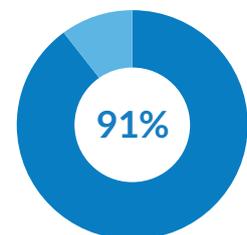
Operational  
Expense

**\$4.419m**

Capital  
Spend

**\$7.293m**

Total performance  
progress met



Private works carried out over the year complementing Council's internal works included the hiring of plant during down time, minor restoration works for utility providers, maintenance of operational vehicles under lease agreements and the maintenance of Roads and Maritime Services' assets.

Council implemented the Nursery business plan including weekend sale days, the installation of a new sign and new point of sale system.

Occupancy levels for the Tourist Park were an excellent 83% over the course of the year which is higher than the industry standard. Cabin occupancy in the last quarter was down on last year as a result of lower long stay visitors associated with construction projects in the region, although over the course of the year, cabin occupancies were ahead of last year's level. Improvements at the Tourist Park over the year include new amenities building, WiFi, furniture upgrades and new wood fire pizza oven.

Financially, the Tourist Park had a record breaking year with revenue and cash profit at an all-time high. Prices are maintained at an affordable level across our range of accommodation which helps drive occupancy levels and in turn, revenue. Expenditure is closely monitored and discretionary expenses are individually reviewed at the time of committing the funds.



### 3.1.2

#### Improve the city's ageing assets, infrastructure and facilities to meet the needs of the community now and into the future

The 2016/17 capital renewal program using Special Rate Variation (SRV) funding was fully expended. The focus of these works were road and building renewal. In particular, there were 80 road renewal projects, refurbishment of community buildings, park renewal works including Crew Park play equipment, landscaping at Albion Park Cemetery and shark net replacement.

There was also substantial renewal of Council's storm water network with projects at 18 sites across the City. This involved the replacement and renewal of stormwater pipes, pits, headwalls, culverts, and scour protection.

A major footpath renewal completed was the replacement of the shared use path at Blackbutt Reserve. The works involved removal and replacement of the old pathway where tree roots had caused damage to the footpath. Another major project completed was the structural renewal and repair of Slaters Bridge, Oak Flats.

Works undertaken at Council's sportsfields included canteen upgrades to ensure facilities comply with current standards, the replacement and repairs to sportsfields lighting and amenities upgrades. Major building renewals were completed including reconstruction works at Yovelton House. This involved replacement of the existing veranda room, new ceiling linings and balcony reconstruction. Other successful projects included:

- replacement of the Reddall Reserve amenities block
- reconstruction of the Albion Park Rural Fire Service station
- refurbishment of the Albion Park SES building
- Replacements of roof and repair works at the Roo Theatre in Shellharbour Village and Shellharbour City Stadium.

Operational  
Income

**\$19.748m**

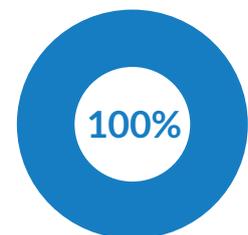
Operational  
Expense

**\$15.840m**

Capital  
Spend

**\$5.526m**

Total performance  
progress met



### 3.2.1

#### Establish the Shell Cove Boat Harbour as a lifestyle and boating destination providing development, tourism and community opportunities

The Shell Cove Project is one of Australia's largest local government led developments and its centrepiece is the boat harbour. This large infrastructural construction task is being undertaken through three consecutive stages with the first one completed. The Stage 2 civil and maritime contract commenced in March 2014, with a current expected completion date in September 2017. During 2016/17, the contract generally progressed on program and remained within budget.

The harbour basins have been excavated and the various types of harbour edging approached completion, allowing a clear vision of the harbour's final shape. This included the timber piles and its main cross-bracing and joists of the jetty and boardwalk. The timber deck will be installed in Stage 3.

A significant milestone occurred when local firm, Coastwide Civil, commenced the construction of the breakwater and groyne almost a year ahead of schedule. Significant progress occurred on the foundation layer of the main breakwater from the beachfront to almost reach its full length, and the curved nose is clearly evident. The breakwater's five metre high topping layer and the groyne are programmed to follow with an expected finish at the end of 2018.

Tenders for the marina piling and pontoon systems were called with the submissions undergoing detailed assessment and clarification. The contract is expected to be awarded in the coming months.

The Waterfront Shell Cove is the name given to the harbour and the land platform being developed around it; it creates the lifestyle and boating destination that provides the development, tourism and community opportunities. The filling and compacting of the land platform approached completion with some sections becoming available for future development.

Subdivision civil works completed for the first stage of Precinct B1/C1 and the road construction completed on the first major section of Harbour Boulevard (off Cove Boulevard) and adjacent to the town centre.

The Town Centre (Precinct D) Master Plan, including specific areas such as the supermarket, food & beverage outlets, community centre/library/tourist office, town park, hotel, promenade and the public art and play strategies, was finalised. Some of the elements had their broad concept designs commence a refinement process to progress to the next stage. The approval of the Retail Stage 1 (consisting of the supermarket and several retail shops) was delayed, unfortunately. There was better news with an international expression of interest tender for the Hotel site held, with the final offers under assessment.

Operational  
Income

**\$141k**

Operational  
Expense

**\$338k**

Capital  
Spend

-

Total performance  
progress met

**100%**

## Achievements - economy



Residential development provides the income to fund the development. The 2016/17 year saw very strong sales activity with a total of 102 net sales being achieved. These came from one land release with a total of six 'off-the-plan' lots and five housing releases with a total of 96 'off-the-plan' homes. No lots or houses were available for sale at 30 June 2017 while 75 houses were under construction.

The Shell Cove Project has significantly exceeded its obligations of a minimum 50% for local labour content in the overall project works and this has been beneficial to the local community. For the period:

Percentage		Equivalent Person Days	
Local	88.6%	Local	39,824
Other	11.4%	Other	5,115
Total	100%	Total	44,939

This significant achievement is on par to 2015/16.

Many community events were organised. The highlights include the Community Invites on the displays of the Town Centre Master Plan and the bus tours of the harbour construction site.



## Shellharbour on the rise

Council's goal is for infrastructure to be planned and managed in a way that meets the community's needs now and into the future. To achieve this, Shellharbour Council has embarked upon a number of significant projects at various stages of development and implementation that will not only provide infrastructure for future generations but also support the local economy and provide local employment. The 2016-17 year has seen substantial progress made on several of these noteworthy projects as described below.

### Shell Cove

The Shell Cove Project is the major economic development, tourism infrastructure and job generation initiative undertaken by Council. It is a 3,000 lot master-planned residential and mixed-use project all focussed around a boat harbour that directly accesses the Pacific Ocean. The total economic impact of this project in net present value terms is \$3.71 billion over a 20-year period.

Major progress was made in the 2016-17 with the following milestones achieved:

- The \$23 million contract to construct the breakwater, groyne, entrance channel, and the commencement of construction was awarded to Coastwide Civil was achieved a year ahead of scheduled date.
- A semi- animated fly-through video 'A Day at the Waterfront Shell Cove' was released to the public which became an instant social media hit.
- The excavation of the boat harbour is finished with the harbour edge visually evident by the vertical concrete walls, the sloping rock revetments and the timber piles of the boardwalk and main wharf jetty.
- Subdivision civil works completed for the first stage of Precinct B1/C1 and the road construction completed on the first major section of Harbour Boulevard (off Cove Boulevard) and adjacent to the town centre.
- Tenders for the marina piling and pontoon systems were called with the submissions undergoing detailed assessment and clarification.

### Shellharbour Civic Centre

The Civic Centre construction has seen major progress during 2016-17. The project team has been working closely with the contractor to monitor the project and update stakeholders with the following milestones being achieved:

- Engagement with the community continued through letters updating progress which were issued to neighbouring residents of the site.
- Negotiations were finalised to separate public areas from the administration function with the anticipation that the public areas will be opened for public viewing in September 2017.
- Library and museum staff have been busily planning for their relocation to the Civic Centre with cataloguing and packing taking place. In addition, the Museum Curator has continued to manage the restoration of significant artefacts in the collection in preparation for the move.
- Preferred café operator was endorsed by Council and detailed planning commenced for fit out of the café.
- Work continues to progress on the public art program for the Shellharbour Civic Centre as artworks continue to be fabricated. A digital storytelling project to be displayed in the City Museum and Café space of the building was undertaken by design students at the University of Wollongong. A workshop was held with Year 8 students at Warilla High School, engaging with young people on designs for the Biotica artwork to be installed at the Civic Centre



- Council developed a Memorandum of Understanding (MoU) with the Tongarra Heritage Society Inc. (THS) as City Museum will include permanent and temporary exhibition spaces and a Heritage Centre that will house both Council and THS collections.
- Staff engagement progressed throughout the year focussing on transition to the new site and a new way of working including the etiquettes of working in an open-plan office-space. Work on the 'Paperlite' project to reduce paper usage and storage in Council's work environment commenced in late December 2016.

By the end of 2016-17, significant construction was achieved; the wave roof installation was almost complete; cladding to auditorium was nearing completion; landscape works commenced including installation of a number of Cabbage Tree palms to the Civic Square and concrete work commenced in the civic square. Finalisation of all outstanding design packages was completed. This included signage, furniture and public art. The finalisation of all outstanding planning approvals was also achieved. The building was watertight and fit out is well under way.

## Calderwood

Works at the Calderwood Valley urban development site continued at a rapid pace during 2016-17 with the following milestones achieved:

- Stages 1A, 1C and 1D were registered with construction of residential dwellings progressing rapidly. Stages 2A1, 2A2/3 and 2B are at the construction stage with roads, drainage and utilities being installed. Stage 3 Development Applications and Construction Certificates have been submitted to Council for assessment.
- Calderwood Valley's bridge construction was completed and the bridge was opened in May.
- Landscaping was completed at the entrance of the Calderwood Valley Estate. The entrance features extensive landscaping with rammed earth walls a first within the Shellharbour local government area.
- Calderwood Valley's first local park was completed which has natural elements and play areas.

## Tullimbar

This year saw further development and progress in Tullimbar with the following milestones achieved:

- Fountindale (developer of the Tullimbar subdivision), completed construction of Stage 5A and Stage 5A which both consist of 38 residential lots.
- Extensive landscaping completed along the Illawarra Highway, within the median strip at Tullimbar Stages 5A and 5B and within the Tullimbar Estate.
- Work has progressed on stage 1 of the Allam Homes' Tullimbar development with the vast bulk of the stormwater drainage network now complete. All lots within Stage 1 have been sold and a Construction Certificate application for stage 2 of the development has been submitted for assessment.
- The adjoining development site, Stage 5C, has commenced with earthworks being undertaken in preparation. Sub-contractors are currently installing retaining walls to allow many of the blocks to be benched, providing almost level blocks for building.

### 3.2.2

#### Encourage opportunities for local businesses to grow and prosper

The Shellharbour City Business Network met on ten occasions during this year and continued to provide important networking and development opportunities for local businesses. Some of the topics covered have included:

- Productivity Bootcamp, an innovative approach to provide work-ready vocational skills and knowledge to disengaged young people;
- Communication Skills for Effective Business Success, an exploration of the key issues involved in creating business success by further developing communication and people skills;
- Why Strategic Planning Doesn't Work, how to best prepare and implement a strategic plan;
- 2017 Business Tax Strategies, how to replicate the effective tax strategies of high performing businesses and
- The Power of Effective Prospecting, how to cost-effectively convert prospects to repeat purchasers
- 'Your Best Year', with advice on how to plan and implement strategies to optimise business growth in 2017;
- 'Business Trends and Outlook for 2017: Illawarra & Shellharbour'.

In addition to these meetings, six half-day workshop were conducted which were well received by attendees. Formal evaluations revealing an average satisfaction level of 92% for all events.

Further successful Economic Gardening Programs were conducted in partnership with Wollongong and Kiama Councils with 20 to 22 participants attending each program and a range of business types involved. The promotion of this program has resulted in a further 18 businesses indicating they wish to participate in the next program which is scheduled to commence in September 2017.

Council endorsed reintroducing Regular Passenger Transport (RPT) services at the airport in conjunction with the Jetgo airline. Development of services and infrastructure are currently under way for a start-up of these new RPT services in October 2017, with flights routes scheduled to both Melbourne and Brisbane.

Operational  
Income

**\$47k**

Operational  
Expense

**\$235k**

Capital  
Spend

**\$111k**

Total performance  
progress met

**100%**

### 3.2.3

#### Present a positive image of our city to create and promote work, investment and lifestyle opportunities

Council worked with a range of government and regional stakeholders to progress a range of economic development issues affecting the City. This included:

- Developing an application for the Federal Government's Building Better Regions Fund;
- Participating in tender assessment committees for the café at the Civic Centre and for two available hangars at the Illawarra Regional Airport.
- A briefing by senior representatives from the Office of Local Government on the progress of the state-wide implementation of Joint Organisations, where a number of current and possible future initiatives in the Illawarra were discussed;
- A Smart Cities Roundtable that was conducted by the Federal Government to seek comment from local government and industry stakeholders on the Government's plans to implement a Smart Cities initiative across Australia;
- Attending the NSW Small Business Commissioner and Economic Development Managers from Illawarra/Shoalhaven Region Councils to discuss the establishment of a pilot project to streamline regulations and operations of outdoor markets conducted within NSW;
- Council also continued to provide assistance to NBNC, Telstra and other contractors to progress the rollout of the NBN throughout the City.

Education and employment opportunities for local people and opportunities for local businesses continued to be developed through the implementation of the Calderwood Valley Workforce Planning Strategy. Council is represented on the key body guiding the implementation of the Strategy.

Council staff facilitated contact between local businesses and both the Federal and NSW Governments to assist them in gaining Government support to further develop the growth of businesses. Contributions were also made to the progress of the regional economic development initiatives of the Illawarra Pilot Joint Organisation (IPJO).

Operational  
Income

**\$4k**

Operational  
Expense

**\$26k**

Capital  
Spend

-

Total performance  
progress met

**100%**



## Better Business Week

A Back to Business Week event was hosted by Council on 2 March 2017. Back to Business Week is a NSW Government initiative celebrating small to medium businesses and the critical role they play in local communities. Council received funding support from the NSW Government to conduct this event for local businesses.

The event comprised of presentations by representatives from a number of Government agencies and other organisations on the range of support services available to local businesses, followed by a workshop on how to develop and implement an effective growth strategy for small and medium enterprises. The workshop was delivered by Michael Dobie and entitled *From Strategy to Execution*. During the workshop participants were able to develop tailored strategies and action plans to assist in growing their businesses.



Forty people attended the event and evaluations from workshop participants resulted in a 93% satisfaction level of either 4/5 or 5/5 for each of the evaluation questions. Similar positive feedback was received from each of the presenters, with the representative from the NSW Department of Industry stating that it was the best event he had attended in the region during Back to Business Week.

### 3.2.4

#### Support educational and employment opportunities that retain young people, attract new workers and provide opportunities for the unemployed

Council supports programs that provide training opportunities for young people to gain skills and experience while completing their off-the-job training or studies in related courses.

Council currently employs nine apprentices (one carpenter, two fabricators, two mechanics and four gardeners). These apprenticeship positions are for a period of up to 4 years.

Council also employs six cadets (five Engineers and one Building Assessment Trainee). Cadets are employed for up to eight years and rotate through a number of departments during the time including; Services, Asset Strategy and Design. This gives cadets an opportunity to experience a variety of engineering specialties.

Human Resources have also been working with the Cadets and managers to review the program and finalise rotations for next year. This will include short rotations in areas such as HR, Finance, City Development for the first time.

Future improvement identified include the development of procedures for rotations, the development of work plans for all cadets, the introduction of networking events, mentoring and improvements to how the program is marketed.

Councils work experience program continues to be popular with 15 students placed during this year. Areas of interest were Infrastructure Services, Information and Customer Service, City Services, Community Connections and City Development. Students were placed in accordance with Shellharbour City Council's Work Experience Policy. The Aboriginal Employment Strategy was reviewed and presented to the Aboriginal Advisory Committee in March 2017. Human resources is continuing the work with internal and external stakeholders to identify opportunities for employment under the Aboriginal Employment Strategy.

Human Resources staff also met with representatives from other councils in the Illawarra region and the Office of Local Government to explore opportunities under the NSW Local Government Skills Strategy. This program provides funding for training and employment opportunities in regional areas and focuses on three priority areas; pre-employment; traineeships and apprenticeships; and improving the capability of the current workforce.

Operational  
Income

-

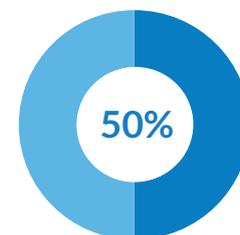
Operational  
Expense

**\$58k**

Capital  
Spend

-

Total performance  
progress met



## 3.3.1

### Market our city as a tourist destination of choice

Tourism Shellharbour continued to promote Shellharbour as a key destination throughout the year using a range of online and social media promotions with posts detailing events, specials deals, news and images of Shellharbour resulting in new likes and a variety of comments. Results of the 2016 South Coast Unspoilt Marketing Campaign which ended on 30 November show that all our key performance indicators and targets were exceeded and that the South Coast continued to be number one on Visitnsw.com.au.

The Shellharbour Visitor Information Centre (VIC) continued to provide high quality service to visitors and residents. The new Shellharbour Visitors Guide was launched and distributed. The Visitors Guide is one of our main marketing tools and is a key piece of collateral to both entice visitors to Shellharbour and to assist them while they are here.

The 2016 South Coast Tourism Awards were hosted by Tourism Shellharbour and were held at the HARS Aviation Museum. The Shellharbour VIC won the Gold award for the Visitor Services Category. The Visitors Centre has been recognised as the best Visitors Centre on the South Coast for three years in a row. Due to winning this category for three consecutive years, the Visitors Centre was inducted into the Hall of Fame.

Tourism Shellharbour attended, assisted and/or supported several events which showcased the City. These events included Penrith, Illawarra and Sydney Caravan & Camping shows, Wings over Illawarra, KidsFest Shellharbour, Shellharbour Game Fishing Tournament, the NAVY Australian Rowers League Championships, the Shellharbour City Festival of Sport and the Bowls World Cup.

Operational  
Income

-

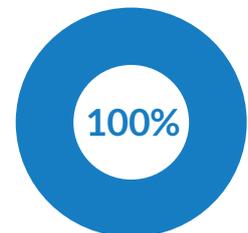
Operational  
Expense

**\$186k**

Capital  
Spend

**\$12k**

Total performance  
progress met



## 3.3.2

### Support a dynamic, responsive and sustainable local tourism industry

Tourism Shellharbour hosted several training and networking sessions - some in partnership with other organisations - throughout the year which included a:

- free industry seminar for tourism operators at the City Beach Function Centre in September in partnership with the NSW Business Chamber's Tourism Industry Division
- 'Building Your Digital Footprint' workshop presented by Lighthouse Tourism.
- Destination Ambassador Program for staff and volunteers in partnership with TAFE NSW.
- Combined members function in partnership with the Shellharbour City Business Chamber which highlighted the benefits of both organisations, their membership fees and what they can offer to businesses.

Tourism Shellharbour continued to implement actions from the Annual Marketing Plan that has been developed out of the Strategic Marketing Plan. This included discussions with Destination NSW and the South Coast Tourism Manager for the 2017 South Coast Unspoilt Marketing Campaign.

The new 2017 Shellharbour Visitors Guide was produced and distributed. The guide showcased the best of what Shellharbour has to offer and is available through the Visitors Centre, online on the website, available at all Level 1 Accredited Visitors Information Centres throughout NSW and is distributed to each inquiry that the Visitors Centre receives.

Operational Income

-

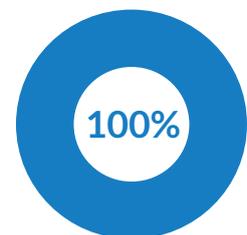
Operational Expense

**\$198k**

Capital Spend

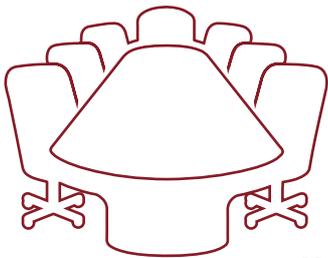
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Total performance progress met

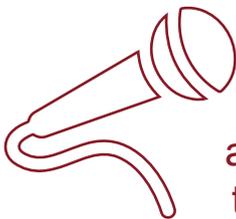




# leadership



**15**  
ordinary  
meetings held



**38**  
addresses  
to Council



**105**  
media  
releases



**88%**  
of customer enquiries  
resolved by Customer  
Service team



**300**  
records related to  
Development Applications  
made available to public

**4** Aboriginal initiatives and  
events implemented  
and/or supported

**45** General Manager blogs

**569** requests for information  
were released informally

**210,838**  
visitors to Council's  
website

**f 1,954**  
new likes  
on Facebook

**t 298**  
new followers on twitter

# Achievements - leadership

## 4.1.1

### Mayor and Councillors are representative of the community and provide strong, cohesive and visionary leadership

Council held fifteen Ordinary Council Meetings and three extraordinary meetings this past year and the business papers and minutes were prepared and published on Council's website.

Cr Marianne Saliba was re-elected Mayor with Cr John Murray elected as Deputy Mayor at the extraordinary meeting on 20 September 2016. At the extraordinary meeting on 22 September, Council resolved to appeal the Land and Environment Court decision against Council. The extraordinary meeting held on 27 September dealt with reports regarding the sale of Lamerton House and related properties and the General Manager's delegations relating to the Calderwood Urban Development Project.

There were 35 Councillor briefings held during the year in relation to the Draft Safety Strategy and Draft Domestic Violence Management Strategy, End of Term Report, Shell Cove, Horsley Creek Floodplain Risk Management, Shellharbour Village Boat Ramp, Review of the Shellharbour DCP, 2016 Community Survey, Operational Plan, IT programme of works, tourism activities and future opportunities, Coastal Management Plan, Shell Cove Marina, changes to the NSW Planning Legislation, Albion Park By-Pass, leasing and licencing of Council public land and buildings, media issues associated with Warilla Library, Disability Access and Inclusion Plan, Short-Term Rental Accommodation Planning Proposal and 2017/18 Waste Budget, 2017/18 Operational Plan, Shell Cove Project, Lend Lease/Calderwood development proposal, regular passenger transport, (SMART) Drumline Project and Resource Recovery Redevelopment (R3) Project.

During this year, the Mayor met with the Premier of NSW, Mr Mike Baird, attended meetings with Lendlease, Westpool, Healthy Cities Illawarra, Southern Joint Regional Planning Panel, the Illawarra Pilot Joint Organisation (IPJO), Mutual Management Services, CivicRisk, Healthy Cities Illawarra and Healthy People. During the Mayor's leave in March, Deputy Mayor John Murray met with the Member for Kiama, Gareth Ward MP, and attended meetings with CivicRisk Mutual and Illawarra Pilot Joint Organisation (IPJO).

There were 15 Councillor newsletters forwarded to Councillors throughout the year, providing them with information of interest on items such as The Links, Waste Depot, Projects Update, Albion Park Cemetery, Oak Flats Pool, Libraries and Museum, Shellharbour Tourist Park, Warilla Beach Fencing, Shellharbour Civic Centre, Myimbarr Community Park and Shellharbour Boat Ramp.

Operational Income

-

Operational Expense

**\$614k**

Capital Spend

-

Total performance progress met



# Achievements - leadership

## 4.1.2

### Facilitate good communication and relationships with our community

A corporate Communication Strategic Plan has been developed. The strategy has objectives and strategies to provide a framework for how Council communicates; this plan strongly aligns to the Community Engagement Policy and Toolkit.

Councils Communication Department has facilitated community participation in major projects at different levels of the public participation or community engagement (IAP2) spectrum including inform, consult and collaborate. The main projects have included the extension of outdoor exercise equipment trail, Illawarra Art Trail, Little Park playground renewal, Keith Barnes playground renewal, Disability Action Plan and Civic Centre. More specifically the:

- extension of outdoor exercise equipment has focussed on utilising existing feedback and reaffirming those ideas with targeted engagement of community members who completed a free 'come and try' 9-week program. This information will inform the tender process and selection of new equipment.
- playground renewal for Little Park and Keith Barnes Reserve with Council extensively engaging on 'play' over the past 12 months. Feedback from local primary and high schools students, parents as park users and visitors in the area, has informed themes and other aspects of the playgrounds.

Council has been recognised as a leader in the state for community engagement and won a Local Government NSW RH Dougherty Award. Council was awarded the Reporting to your Community which was presented by Minister for Local Government, the Hon. Paul Toole at the awards ceremony held in Sydney. The consultation for the development and feedback provided to the community for the Make Play Grow 2015-19 strategy was submitted as an example of recent community engagement. The judges recognised that the video and visual appeal of the strategy document "an engaging and creative solution to report back to the community on the outcomes of a community consultation program for developing a new arts and cultural development strategy."

A Community Engagement Strategy for the review of the Integrated Planning and Reporting (IP&R) plans has also been progressed. This strategy specifically details the engagement activities that will be undertaken in reviewing Council's Community Strategic Plan (CSP). Results of this engagement will be used to inform the review of, and provide future direction for, the CSP 2018-2028.

A new Digital and Social Media Officer joined the Communications team in November 2016 and an audit of website content undertaken. Council's website content has been updated regularly throughout the year providing current information on events and activities, positions vacant, mowing schedules, projects and public notices. The pools, history, fitness equipment and flood management webpages have also been updated. Images of the new Civic Centre have been added regularly to keep the public informed on construction progress with numbers fixed to accurately disclose associated spending.

The 2017 Election pages were updated as the election drew closer and included the creation of a Referendum page with relevant information and Frequently Asked Questions (FAQs). Links to the website and specific web pages continue to be shared through social media to help increase website visibility and community engagement. The positive effective of this can be seen in an increase in website visitors since the beginning of the year. However, during the month of April, our website was not visible via Google search. This resulted in a large drop in the number of site visitors. This issue has since been resolved.

Operational Income

-

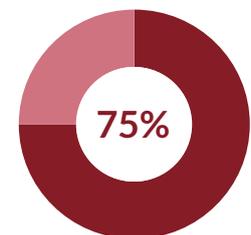
Operational Expense

**\$379k**

Capital Spend

-

Total performance progress met



A new Media Officer was appointed in May and since then, has produced more than 30 media releases. The media response has been favourable with about a third of releases resulting in news coverage across all mediums. Major media issues have included the announcement of Jetgo as the Regular Passenger Transport (RPT) carrier and the 2017 election. Ongoing and future media work will include the start of Jetgo flights, the election and the move to the Civic Centre. Additionally, media and social media policies for council staff and councillors have been drafted.

The events, activities and projects of Council continue to be promoted through a multitude of media platforms with social media traffic has increasing to over 6,000 likes on Facebook and 2,600 followers on Twitter.

Council endeavours to provide all Council reports in open council, however there are occasions when the Councillors must be provided with confidential information. During this year, there were 26 items considered in confidential session including the acquisition of land, update on legal proceedings, sale of Council land and retail land at Shell Cove, contract for sale of part of Lot 2000 DP717478 Wattle Road Shellharbour City Centre known as Benson Basin, the sale of operational land - Lot 101 DP1185867 Pioneer Drive Oak Flats, the General Manager's performance review, solar panels for the Civic Centre, update on current legal proceedings, the Land & Environment Court judgment in relation to the merger proposal, Lamerton House and related properties as well as various other matters where commercial in-confidence information was considered. Staff continue to review confidential reports and refer to Council for declassification at the appropriate time.

Addresses to Council is one way in which the Council is able to hear the views of members of the public regarding an item of business scheduled to be considered at that Council meeting. The Council encourages the public to participate in this forum. During this year, there were 38 public addresses to Council on various items.

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## Shellharbour Youth Council

Council can play an important role in creating a framework for young people to participate in decision making about their community. The establishment of the new Youth Council provides Council with an opportunity to engage with young people and show that their contributions are valued. Further, a Youth Council is one mechanism that provides young people with a forum to voice their needs, to provide feedback and suggestions on issues affecting their lives and that gives them an opportunity to make a difference in their community.



The Shellharbour Youth Council comprises of young people, aged between 12 and 25 years old, living in the Shellharbour local government area. Membership of the Youth Council is limited to 13 members consisting of representatives from local high schools, Southern Youth Family Services (SYFS) and representatives from the community. The Youth Council meets once per month (February to November) and bi-annually with all Councillors.

The Youth Council was launched on 31 August 2016 with eight young people signing the charter at an official function attended by family and friends. Since the launch, the Youth Council has met and discussed a range of topics including attendance at the NSW Youth Council Conference, recreational facilities for young people such as the upgrade of Shellharbour Skate Park, becoming involved in school holiday programs and looking for opportunities to increase the profile of the Youth Council.

During Youth Week 2017 in April, members participated in two social media and mental health youth forums held as well as facilitated a ten-pin bowling activity during the April school holidays. On both these occasions, Shellharbour Youth Council members promoted the events through their high schools as well as being actively involved.

# Achievements - leadership

## 4.1.3

### Acknowledge and respect the Aboriginal community as the traditional custodians of the land

Council offers a number of initiatives that strive to acknowledge and respect the Aboriginal community as the traditional custodians of the land.

Shellharbour City Council was the host council for the 2016 Local Government Regional 'National Aborigines and Islanders Day Observance Committee' (NAIDOC) Awards, held on Saturday 23 July 2016. The event was a huge success and the largest NAIDOC event of its kind undertaken within the region. This event attracted over 400 people and allowed the region to celebrate Aboriginal achievement, highlighting local leaders and organisations that are making a difference within the community. Over \$23,000 worth of sponsorship was sought for the event. The headline performance was Archie Roach with other entertainment for the 2016 event provided by traditional Aboriginal and Torres Strait Islander dancers, Illawarra Flame Trees dancers, Doonooch dancers, Urban Zenadth Kes, Elaine Crombie, Matt Walker, Emma Donovan, Kyarna Rose and Dale Wright.

Council in partnership with Southern Aboriginal Community Youth Association (SACYA) created centrepieces for the awards night in partnership with local community groups and participating students of the 2016 Reconciliation Walk. This project brought community members together to create the events table centrepieces, a fun and creative project that also personalised each table.

Shellharbour City Council's reconciliation event was held on Monday 29 May 2017 in collaboration with local primary and high schools. Reconciliation Week provides an opportunity for everyone to learn and reflect on the vibrancy of Aboriginal culture, the struggles faced by Aboriginal people and the role we all play in the journey ahead. Aboriginal elders, civic leaders and school children each played a part in the special flag raising ceremony to mark the event. The event was held at Little Park, Shellharbour Village with the Reconciliation School Flag Walk taking place along the picturesque Shellharbour foreshore. Over 160 students, Aboriginal elders and civic leaders attended, walking from Beverly Whitfield Pool to Little Park. Traditional songman Richard Scott-Moore led the walk and sang in Dharawal language. The students rotated through four cultural workshops: language; 50th anniversary of 1967 referendum, sea of hands and 25th anniversary of the historic Mabo High Court decision.

Operational Income

-

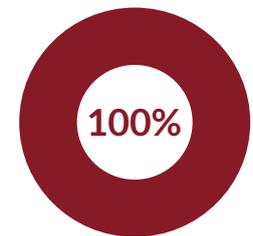
Operational Expense

**\$53k**

Capital Spend

-

Total performance progress met



# Achievements - leadership

## 4.2.1

### Undertake Council activities within a clear framework of strategic planning, policies, procedures and service standards

The proposed merger and deferred election of Councillors has impacted on the Council's Integrated Planning and Reporting (IP&R) planning cycle. In a usual planning environment, Council would be required to undertake a full review of the Community Strategic Plan (CSP) and Resourcing Strategy (including the Long Term Financial Plan (LTFP), Asset Management Plan and Workforce Management Plan) as well as prepare a new Delivery Program and Operational Plan following the election of Councillors. As the Operational Plan 2016/17, Delivery Program 2013-2017 and Workforce Management Plan 2013-2017 were all due to expire on 30 June 2017, Council determined to extend the life of the Delivery Program to June 2018. A review of the Resourcing Strategy was also undertaken so that it aligned with the same timeframe.

In terms of reporting, the 2015/16 Annual Report was reported to the community and endorsed by Council in November 2016. Council's Annual Report and the four Quarter Reviews of the Operational Plan reports were supplemented with a new initiative this past year – a 'Snapshot' document. This is a concise version of the corresponding report which highlights the achievements during the respective reporting period. This document can be accessed by the community via Council's website, Libraries distribution to our networks.

Council continues to engage with the community on the development and review of a range of policies and plans. This year it included the Draft Section 94 Contributions Plan 2016 (8th review), the Draft Section 94 Works in Kind Policy 2016 (adopted by Council on 20 September 2016) and the Draft Valuation Policy were placed on public exhibition seeking submissions from the community.

Policy owners have been reviewing their outdated policies throughout this period with the number of policies reviewed this past year increasing from 74% to 86%. The aim is that all of Council's policies due for review are completed by the end of this calendar year. Policies currently under review include the Cultural Diversity Policy, Public Art Policy and Enforcement Policy.

Council staff continued to be proactive and make as much information as possible available to the public on its website. The Right to Purchase Deed between Stockland Shellharbour and Shellharbour City Council was made available to the public on the Proactive Release section of Council's website.

The General Manager's briefing continues to be held monthly and regular communications continue through his blog. A focus of information provided via these channels has been the proposed merger of Council with Wollongong City Council and the announcement in February 2017 of merger no longer proceeding. Following this decision, the General Manager commenced implementation of a series of organisational reforms, including a new organisation structural element which came into effect on 15 May 2017. As part of these reforms, the previous Manex group was renamed the 'Executive Leadership Team' to promote leadership and its role as a team throughout the organisation. Internal communication, monitoring and reporting continues with Executive Leadership Team (ELT) meetings being held weekly and Senior Management Team (SMT) meetings held every three weeks following each Council Meeting.

Operational  
Income

**\$91k**

Operational  
Expense

**\$2.789m**

Capital  
Spend

-

Total performance  
progress met



# Achievements - leadership

## 4.2.2

### Enhance an organisational culture using resources wisely, achieving quality outcomes, providing excellent customer service and seeking continuous improvement

This year Council embarked on a program to upskill managers in dealing with conflict through coaching and communication. Eleven Senior Managers and two Councillors participated in an intensive four-day training program based on an integrated conflict management model. The program complements existing policies and procedures in Council and provides a roadmap for further integration. The program will also bring about cultural change by imbedding coaching, communication and conflict resolution skills within the workforce.

Coaching staff to resolve conflict more effectively will underpin many corporate initiatives including the grievance and complaint process, performance management and appropriate workplace behaviour (bullying and harassment). In addition to Conflict Coaching, Council has trained a number of employees in investigation skills. They form a panel of internal investigators and can be called upon to investigate grievances as required. We have further enhance our integrated conflict management model through trained mediators who are able to work with employees where mediation is required.

As an organisation we have an excellent understanding of change management and the ways that it can impact on the workforce. Change is a common source of conflict in the workplace and our network of conflict coaches, mediators and investigators place the organisation in a good position to deal the challenges of ongoing change.

The transition to the new Civic Centre is one of the largest change exercises in recent years. Human Resources have been working with all staff and management to prepare for the new working environment. The changes to work practices will be significant so we started well in advance with the introduction of new technology and an organisation wide drive to declutter become "paper lite".

Change champions were appointed from each area to lead change activities. The paper lite program was one of the change initiatives implemented by the Change Champions. The program has achieve impressive reduction in paper and general clutter through improvements to business practices, electronic storage archiving and disposal. Item such as furniture and office supplies that were no-longer needed were collected by Revolve staff to be resold and recycled at the Dunmore Recycling Centre.

Other transition initiatives include a health and wellness program which is designed to optimise the new features and facilities in the Civic Centre. The program is aimed at engaging staff in enjoyable activities that will contribute to a healthier, happier and more productive workforce. Increased physical activity will also help the prevention of injuries that may be related to sedentary work and lifestyles. The program will be launched in November 2017.

Operational Income

**\$54k**

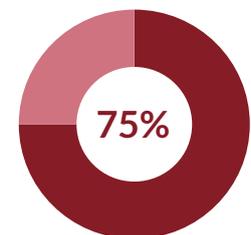
Operational Expense

**\$2.106m**

Capital Spend

-

Total performance progress met



The new open plan environment and facilities will also pose challenges for our workforce. Therefore we have created new guidelines for working together in the form of three key principles:

- Considerate – we are considerate to staff and the community.
- Courteous – we show courtesy to staff and the community.
- Responsible – we take responsibility for our actions and the space around us.

A number of staff information sessions have been planned for later in the year which focus on the workforce of the future, the work environment and technology.

The Human Resources Team have also been working to improve processes associated with the payroll system moving from a paper and resource intensive function to one which is largely paper free due to the introduction of electronic time sheets. This project is part of a broader improvement to the collection of essential data for asset management, finance and payroll. The final payroll process to become “paper lite” is the issuing of paper pay slips. The conversion to electronic pay notifications via CIAnywhere is scheduled for late 2017.

The Reward and Recognition Program reinforces council’s values and contributes to a motivated, harmonious and engaged workforce. The program allows managers and peers to recognise and reward staff who demonstrate behaviours considered “above and beyond what is expected of them by issues vouchers. The rewards are issues on a quarterly basis with a total of 194 being given out this year.

## 4.2.3

### Ensure Council's long term financial sustainability through effective short and long term financial management that is transparent and accountable

Throughout the year, Council has successfully continued on its path of securing its long term financial sustainability.

Project Octopus, the cross functional team developed to achieve Council's Fit for the Future Improvement Plan, continued the success of 2015/16 into 2016/17. The key financial ratio - the operating performance ratio - has improved from a deficit of 6.9% in 2014/15 to a surplus of 5.6% in 2015/16 and a further surplus of 9.0% is forecasted for 2016/17 (ratio is subject to audit). Council's auditors, Crowe Horwath, spoke to the favourable 2015/16 result at the Council meeting in October 2016.

Council is currently forecasting to achieve all annual Fit for the Future (FFtF) ratios for 2016/17 financial year and is also budgeting to achieve the ratios for 2017/18. A new Long Term Financial Plan (LTFP) will be developed following the election of the new Council in September 2017. Achieving sustainability is not all about cost efficiencies but also increasing revenues. During the year, Council resolved to further pursue opportunities with the wet and dry marina businesses as part of the Shell Cove project. The wet and dry marina businesses are expected to provide additional income sources to Council over the long term, thus again reducing the reliance on rates income.

The rates team successfully completed the 2016/17 rates levy in early July. The levy included both a land revaluation and the last year of Council's four year special rate variation (SRV). The combination of both resulted in significant increases in rates in particular parts of the local government area. This resulted in a large number of ratepayers making contact with Council staff regarding their 2016/17 rate accounts.

Throughout 2016/17 the rates team also invested considerable effort in implementing the fire and emergency services levy (FESL). FESL was to be levied via rates as opposed to insurance policies. Unfortunately, the state government has delayed introduction of FESL and all work has been suspended until further notice.

Procurement staff have continued to improve procurement processes throughout Council by improving adherence to procurement policy guidelines, ongoing data reviews of purchase order compliance and rolling out staff procurement training. The team continued to progress regional procurement initiatives as a part of the Illawarra Pilot Joint Organisation (IPJO). The initiative has been successful in maximise buying power for tree services, security services/cash management, sanitary services and line marking joint tenders.

Operational  
Income

**\$51.578m**

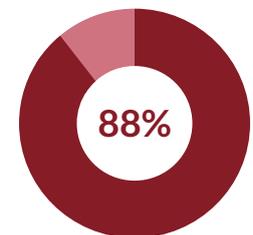
Operational  
Expense

**\$3.403m**

Capital  
Spend

-

Total performance  
progress met



## 4.2.4

### Utilise effective communication methods and technology to share information and provide services

A key focus over the past twelve months has been the design of information technology (IT) systems for the new Civic Centre. The Civic Centre technology focussed on streamlined access to Council services and easy and online accessible information for customers and visitors to the Civic Centre. The solutions include enhanced WiFi access, interactive information boards and use of service kiosks for customers. The key projects for the Civic Centre IT that have been completed during the year are the Network and Data centre and Telephony projects. The Planning and preparation for the transition of all Council IT systems to the new Civic centre was also completed to ensure there is no impact to external and internal customers.

Council continues to deliver a wide range of services to customers online ensuring that Council's services can be accessed anywhere at any time. Council will continue to work on delivering more services online as well as improving and promoting the current online services. Council's online 149 certificates continue to see consistent usage with approximately 85% of 149 certificates processed through the online system.

Customer Services continue to deliver responsive and professional services whilst managing increased number of Development Applications (DAs) and phone enquiries. Customer Services completed planning and preparation for the move to the Civic Centre, focusing on an improved Customer Services experience and ensuring no impact to customers during the move. The PaperLite Civic Centre initiative was a key project over the past year as it improved and digitised Council's internal processes to support a modern workplace.

Council's Business Technology area worked collaboratively with all sections of Council to ensure that technology is used to improve the accuracy and timeliness of customer transactions. Customer Service continued to provide responsive and professional service to customers in person, over the phone, via email and online.

Operational  
Income

**\$251k**

Operational  
Expense

**\$4.185m**

Capital  
Spend

**\$1.963m**

Total performance  
progress met



## 4.2.5

### Minimise risk and ensure continuity of critical business functions

Council's Business Continuity Management Plan assists Shellharbour City Council staff restore business operations in the event of an unscheduled business disruption or catastrophic event such as the total loss of Council's administration building. The plan covers all mission critical business functions and mission critical Information Technology systems and applications. Plan was last reviewed and updated in June 2017 and was uploaded to Council's cloud based internet platforms enabling it to be accessed remotely.

Council's enterprise risk management framework provides a disciplined and structured process that integrates risk mitigation strategies and risk control measures to improve organisational resilience. The framework provides a systematic application of risk management to maximise community outcomes and to help manage uncertainty associated with Council achieving its corporate objectives. The risk management team produced risk assessments from the system to support functional areas such as storm water engineering and design, sport and recreation, tree management, shared pathways, major projects and park maintenance.

A number of programs targeted at risk minimisation were identified including Council's internal audit plan, monthly risk management reports to the ELT, reports prepared for the Governance Risk and Audit Committee (GRAC) on strategic and emerging risks, outstanding audit recommendations, control self-assessments and risk improvement strategies. The internal audit plan was adopted by Council's GRAC and a new independent member with extensive financial management experience was appointed. The GRAC endorsed the internal audit plan with future audits to be scheduled on asset management and recruitment.

Manual handling and mental health awareness were the key focus of Council's safety week promotions during October. Council's workplace health and safety representatives received training from SafeWork NSW in how to assess and reduce manual handling injuries in the workplace. Staff also attended training on mental health awareness including conversations for life and mental health first aid.

In December 2016, Council's health and wellbeing program commenced funding of a new initiative that enables staff to use Council's aquatic facilities for fitness training. We also introduced a summertime guide and fact sheet for staff with advice on how to manage ticks, leeches and snakes.

Council's insurance portfolio provides protection and assurance against unforeseen financial losses arising from its activities. During the year, the following insurance policies were renewed: public liability, professional indemnity, property protection, motor vehicle, worker's compensation, aviation liability, fine arts, casual hirers, fidelity guarantee, cybercrime and Councillors and Officers liability. Council has achieved a saving of 2.83% on the total cost of insurances for the financial year 2016 – 2017.

Operational  
Income

**\$181k**

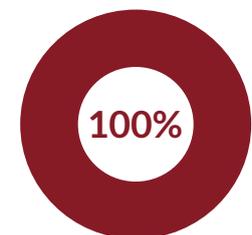
Operational  
Expense

**\$2.055m**

Capital  
Spend

-

Total performance  
progress met



## Achievements - leadership

### 4.2.6

#### Collaboratively plan and deliver emergency response and recovery services for emergency events

Annual reviews of the Light Railway Museum, Hargraves Avenue, Stony Range, Bass Point, Pelican View Reserve, Currumbene Parkway (Flinders), Windang Island and Picnic Island Reserves were completed during the year. Reviews incorporated an assessment of Asset Protection Zones, ground fuel levels, management actions and implementation responsibilities. This involved a site inspection to observe threatened species, an audit of Asset Protection Zones, logging weed issues and listing any new management actions.

A comprehensive (5 year) review of the Shell Cove Reserve Plan of Management has also been drafted. A comprehensive review involves working with Natural Areas staff to conduct mapping of management zones, identifying & mapping Asset Protection Zones & fuel loads, detailed vegetation surveying & mapping and prescribing management actions and priorities.

A revised draft of the Bushfire Prone Land Mapping has been prepared in conjunction with the Rural Fire Service (RFS) and is currently being reviewed prior to the draft mapping being submitted for endorsement by the Rural Fire Service Commissioner.

The following studies and plans were placed on public exhibition and endorsed by Council during the year:

- The Elliot Lake - Little Lake Floodplain Risk Management Study and Plan (endorsed in October 2016)
- The Horsley Creek Floodplain Risk Management Study and Plan (endorsed in January 2017)
- The Macquarie Rivulet Flood Study Report (adopted in April 2017)

The combined Illawarra Local Emergency Management Committee (LEMC) meets three times per year and is supported by representatives from Shellharbour, Kiama and Wollongong Councils. The Committee provides information, systems and support for multiple combat agencies such as the Rural Fire Service, State Emergency Service, Police and NSW Fire and Rescue. Council representatives presented the Shell Cove Harbour Development to the LEMC on the 6 July for emergency management input to the town centre and harbour design. Council's Local Emergency Management Officer (LEMO) and Airport Manager have also entered discussions with the Local Area Commander (Oak Flats Police) regarding the implications on emergency management arising from the reintroduction of regular passenger transport services at the Illawarra Regional Airport.

Operational  
Income

**\$585k**

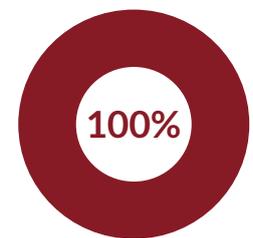
Operational  
Expense

**\$1.646m**

Capital  
Spend

**\$40k**

Total performance  
progress met



## Embracing our Aboriginal culture and heritage

### NAIDOC Awards

The Annual NAIDOC Awards Dinner was held on Saturday 23 July 2016 at the Wollongong WIN Entertainment Centre. Shellharbour City Council was the host Council responsible for the coordination and delivery of the 2016 Local Government Regional NAIDOC Awards.

Shellharbour City Council brought community members together to create the event's table centrepieces. It was a successful partnership with local community groups, the Shellharbour Aboriginal Community Youth Association (SACYA), volunteers and participating students of the 2016 Reconciliation Walk coming together on a fun and creative project that decorated each table.



The dinner was successful with over 400 community members attending the event from across the four local government areas of Wollongong, Shellharbour, Kiama and Shoalhaven – the largest NAIDOC event of its kind undertaken within the region in 2016, by way of program, ticket sales and venue selection. It allowed for the entire region to celebrate Aboriginal achievement, highlighting local leaders and organisations that are making a difference within the community on a day to day basis.

### Reconciliation Week

As part of the 2017 Reconciliation Week celebrations, 'Djindi' bridge was opened in Calderwood. The event included a smoking ceremony and the gift to Council of a very special coolamon, which will take pride of place in Council's new Civic Centre.

After consultation with Council's Aboriginal Advisory Committee by Lendlease, the bridge was given an Aboriginal name, 'Djindi', which means mist in Dharawal. The naming provides the opportunity for the wider community to participate in the revitalisation of the Dharawal language and acknowledges the symbolic links to the local Aboriginal people. The Aboriginal Advisory Committee hopes that a Dharawal name will help to bring about pride and respect for their culture, among the next generation of young people and the broader community.



Shellharbour City Council also celebrated the 50th anniversary of the 1967 Referendum and 25th anniversary of the Mabo decision with a reconciliation walk. Held on Monday 3 June, the successful day was attended by around 160 students, Aboriginal elders and civic leaders who walked from Beverly Whitfield Pool to Little Park, led by traditional song man Richard Scott-Moore singing in the Dharawal language.

Students also rotated through four cultural workshops: language; 50th anniversary of 1967 referendum; sea of hands and 25th anniversary of the historic Mabo High Court decision. Surveys were circulated throughout all schools involved on the day to seek feedback on the event. Positive feedback was received especially around the workshops that were conducted on the day.

## New and updated plans and strategies

### Corporate Communication Strategic Plan 2016-2019

The Corporate Communication Strategic Plan was adopted in December 2016 and provides a framework for how Council communicates with its audiences. The plan strongly aligns to the Community Engagement Policy and Toolkit, together demonstrating how Council's many forms of communication link together to best connect to our community.

It also highlights the key projects Council will develop over the next three years to ensure clear, consistent messaging, the best use of communication resources and the timely, effective distribution of key information.

The plan helps to deliver the objectives of the Shellharbour Community Strategic Plan (CSP) by ensuring the community has the information needed to access Council's programs, processes and decisions. It also identifies appropriate audiences, key messages, objectives and activities to deliver consistent communication to our community and stakeholders.



### Adoption of the Delivery Program 2013 -2018, Operational Plan 2017/18 and Resourcing Strategy

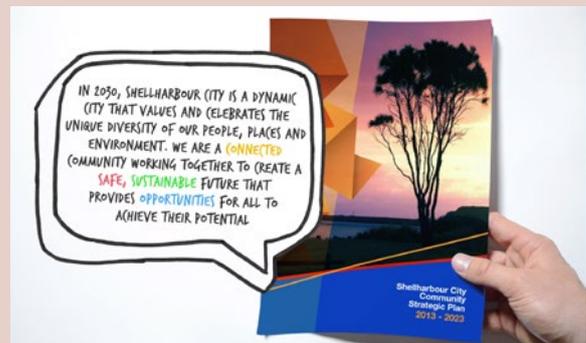
Council adopted the Delivery Program 2013 -2018, Operational Plan 2017/18 and Resourcing Strategy this year.

The Delivery Program is the Council's response and commitment to implementing, within available resources, the priorities and aspirations of the Shellharbour community as expressed in the City's Community Strategic Plan 2013-2023.

The Operational Plan sets out Shellharbour City Council's planned activities and budget for 2017/18. It is the fifth and final annual plan within in the current Delivery Program and has a strong focus on financial sustainability and asset renewal. It identifies measures to determine the effectiveness of projects, programs and services and contains Council's Revenue Policy, in order to meet the commitments made in the Delivery Program.

The Delivery Program 2013-2018 and the Operational Plan 2017/18 have been combined into one document that includes information on the services, activities and programs Council is planning to deliver to the community.

The Resourcing Strategy is an essential element of the Integrated Planning and Reporting (IP&R) framework, It ensures there is an appropriate mix and delivery of infrastructure services combined with the availability of sufficient financial and human resources to deliver the Strategies and Actions within the Delivery Program and Operational Plan. It is made up of the following three components: Long Term Financial Plan, Asset Management Plan, and Workforce Management Plan.



# Statutory Reporting

The information in this section of the annual report addresses the reporting requirements detailed in the *Local Government Act 1993* as per section 428, the *Local Government (General) Regulation 2005* as per clause 217(1) and other relevant legislation. It serves to complement the information provided in other sections of this report as well as provide increased transparency and accountability to the community.

Further to the standard requirements prescribed for each annual report, in the year of the ordinary election (which is 2017 for Shellharbour City Council), Council is also required to include its **End of Term** report and **State of Environment** report. These additional reports have been included in this section.

# Companion Animals Act

## Community

Shellharbour City Council Regulation Officers are accountable for enforcing and educating the local community on the responsibilities of noble pet ownership. This responsibility is legislated by the Companion Animals Act, 1998.

Funding of Five thousand dollars, (\$5000.00), has been received and utilised for the effective education and presentation of activities for pet owners. This funding was utilised for the opening of the new dog park in Oak Flats. Further to this, the funding provided six days of activities facilitated by South Coast Dog Training and Wollongong Wonder Woofs. These two companies provided advice and education to pet owners on every aspect of responsible pet ownership. In excess of six hundred, (600), residents were thankful recipients of this advice and training.

## Impounded Animals

Shellharbour City Council Regulation Officers are responsible for the collection and safe return of stray animals within the Shellharbour LGA. On occasions where City Regulation Officers cannot locate an owner, the stray animals are safely conveyed to the RSPCA situated in Unanderra. It is then that further enquiries result in most animals being reunited with their owners.

There were 342 stray animals seized throughout the year. Of these 342 seized animals, 194 were immediately returned home. The remainder were conveyed to the RSPCA. This has resulted in a return rate of 57%, some 4% improvement on the previous year.

Shellharbour City Council has been informed by the RSPCA that we are the benchmark for New South Wales in the way that we have the RSPCA work for us. The RSPCA have stated that Shellharbour Council has the highest return rate of all New South Wales Councils.

Unregistered animals are also monitored within the LGA. Notices to comply were sent to 431 owners of the unregistered animals. These notices are followed up after a 28-day period.

## Alternatives to Euthanasia for Unclaimed Animals

Education on microchipping is a dominant role for City Regulation Officers. City Regulation Officers are constantly informing owners of the importance of microchipping and having updated contact details on the Companion Animal Register (CAR). Microchipping and updated contact details are the major driving factor of an animal not being euthanized.

If a pet is seized by our City Regulation Officers and all details are current, the pet will be immediately returned home. If there is nothing to identify the dog and an owner is not forthcoming, suitability for the rehoming of the pet will be assessed. The RSPCA are actively finding homes for these unclaimed pets.

## Dog Attacks

City Regulation Officers have over the last year, investigated 50 incidents of dog attacks. Dog attacks range from rushing to the actual physicality of biting. As a result of these investigations, fines have been forthcoming and restrictions placed on the subject dogs.

## Education Programs

Education has been principal within Shellharbour City Council. Numerous programs are in place to assist in the education of responsible pet ownership. Council utilises social media such as Facebook to inform the wider community of upcoming events and information on pet ownership. Further to this, print and audio media is being utilised to promote future activities.

Council hosts the annual “Dogs Day Out” and assist the RSPCA with the “Million Paws Walk” These activities also provide a free microchipping service for the pet owners. Face to Face activities by the City Regulation Officers is also a tool that is working well for council. City Regulation Officers are attending to “dog off leash” areas and open areas where they are talking to owners about the many issues on being a responsible pet owner. This is a strategy that works extremely well for the unit.

## Promote and Assist in the De-Sexing of Dogs and Cats

Media and communication strategies have been adopted to promote the importance of de-sexing. Council has pro-actively spoken to owners of pets and have also advertised on our website. Fact Sheets are also available to view on the Council’s website. Furthermore, the reduction in registration fees for de-sexed animals have been welcomed by the community.

Opportunities at “Dogs Day Out” and the “Million Paws Walk” have been utilised to speak about de-sexing of pets. Council were successful in obtaining \$2000.00 in funding for the Animal Welfare League. This funding assisted cat owners in having their pet de-sexed.

## Off-leash areas for dogs

Council provides six off-leash areas for dogs:

- Albion Park
- Barrack Heights
- Flinders
- Mount Warrigal
- Oak Flats
- Shellharbour

For details of off-leash areas and dog agility parks visit [www.shellharbour.nsw.gov.au](http://www.shellharbour.nsw.gov.au)

## Carers Recognition

No longer applicable to Council which exited out of direct service provision to carers on 31 October 2015.

## Disability Inclusion

Shellharbour City Council has adopted the *Disability Access and Inclusion Plan 2017-2021: An Inclusive City* which is available on Council's website.

The plan focuses on how Shellharbour City can be a more inclusive and accessible city, a place where people want to live, work and play. A copy of the plan has been forwarded to the Disability Council NSW in line with the requirements of the NSW Disability Inclusion Act 2014.

## Financial Assistance

### Applications for Financial Assistance

Councils may provide financial assistance to others, under s356 of the *NSW Local Government Act 1993*. Shellharbour Council allocates funds for certain kinds of donations, listed as miscellaneous donations in each annual *Operational Plan* and the distribution of funds is managed by the Financial Assistance Working Party which includes all Councillors. Applications are considered four times a year.

Council's Financial Assistance - Donations Policy is available on Council's website.

### Miscellaneous Donations Budget 2016/17

<b>Original budget allocation 2016/2017 (miscellaneous donations only)</b>	<b>\$20,000</b>
Plus carry over from previous year	\$2,756
<b>Total available to be allocated</b>	<b>\$22,756</b>
Less first quarter allocation	\$3,000
Less second quarter allocation	\$4,892
Less third quarter allocation	\$7,000
Amount remaining to be allocated 2016/17	\$7,864
Less fourth quarter allocation	\$6,500
Carry over	\$1,364

A total of \$21,392 was donated from the miscellaneous donations budget as follows:

Organisation	Reason Requesting	Amount	Council Resolution Date
St Vincent de Paul Society – Shellharbour Conference	To purchase food hampers for emergency relief for disadvantaged local residents	\$500	9 August 2016 (\$3,000)
City Serve	Outdoor area at Lake Illawarra High School for special needs students	\$2,500	
St Vincent de Paul Society – Shellharbour Conference	Material aid and counselling for disadvantaged local residents	\$500	11 October 2016 (\$4,892)
Community Service Awards for local schools	Annual end of year awards	\$900	
2528 at Crew Park (second report)	To assist with Public Liability insurance and rent for use of Girl Guide Hall for programs for children.	\$3,150	
Spinal Cord Injuries Australia (second report)	Assist with venue costs for Croom Stadium to hold Let's Try Wheelchair Sports day.	\$342	
Koninderie Community Preschool	Assist with replacement of fencing surrounding the playground	\$1,500	28 February 2017 \$7,000
The Denny Foundation	Upgrade office computer and administration system	\$1,000	
KidsFest Shellharbour Inc.	Publicity and promotion	\$2,500	
Illawarra Women's Health Centre	Support and counselling for women fleeing violent relationships	\$2,000	
The Shepherd Centre	Towards costs to provide a "Sing and Grow" music therapy program for children in the Shellharbour Community who are deaf or hearing impaired	\$3,700	11 April 2017 \$6,500
Marine Rescue NSW - Shellharbour	Assist with purchase of training equipment and mooring upgrade	\$2,800	

## Applications for Fee Reduction

The working party also considered Applications for Fee Reduction at the Dunmore Waste Disposal Depot. These applications are considered twice during the year and are funded from a separate budget allocation.

The Fee reduction policy - Dunmore Recycling and Waste Disposal Depot - is available on Council's website

The following applications for Fee Reduction were granted during the 2016/2017 financial year.

Organisation	Reason Requesting	Amount	Council Resolution Date
Shellharbour City Baptist Church Assist Inc.	Disposal of damaged / unusable donated items	\$1,000	9 August 2016

All subsidies made under the Council Policy 'Leasing and Licencing on Council Public Land and Buildings' are made as 'in-kind donations' that is, the use of the facility for a lesser amount in return for the services that they offer to the community as well as the maintenance responsibilities that they may undertake on the property rather than cash from Council's Donations Policy budget.

Council provided in-kind donations to the value of \$43,038 through rental agreements to groups who have provided certain community benefits to the City of Shellharbour.

## Small Environmental Grants

Organisation	Project Title	Funding recommended
St Joseph's Catholic High School	Mini Plastic Recycling Plant	\$2,488
PCYC Lake Illawarra	Community Garden and Creative Space	\$1,500
LandCare Illawarra & Lake Illawarra South Public School	LandCare Simulation Game for primary and early high school students	\$2,000
SeaView Preschool	Sustainable Backyard Water Tank	\$2,350
Illawarra Women's Health Centre	Community Herb and Vegetable Garden	\$1,650
<b>Total</b>		<b>\$9,988</b>

## Written off Rates and Charges

Under Section 132 of the Local Government (General) Regulation 2005, Council must report on the amount of rates and charges written off during the year.

There was one property where Rates and Charges were written off during the 2016/17 year to the value of \$15,953.

# Planning Agreements

Planning agreements are also known as Voluntary Planning Agreements, or VPA's. These agreements are a voluntary arrangement under which the developer is required to dedicate land free of cost, pay a monetary contribution or provide any other material public benefit, to be used for or applied towards the provision of public infrastructure or another public purpose.

A planning agreement may be used instead of (or in addition to) imposing the conditions included in Council's current Contributions Plan, to negotiate development contributions that relate to a development, that may address other purposes and have a wider public benefit.

In 2016/17 there was one Planning Agreement in force:

## Calderwood Voluntary Planning Agreement

On 15 September 2014 Council entered into a Planning Agreement with Lend Lease Communities (Australia) Limited for the provision of all Shellharbour City Council local infrastructure contributions that are necessitated by the development of the Calderwood Urban Development Project.

Under this Planning Agreement the developer will provide approximately \$20m in monetary contributions toward both local and citywide infrastructure (in lieu of Section 94 Contributions) and deliver onsite infrastructure including a community centre, parks, sportsfields, road upgrades and land dedications to the value of approximately \$50m.

The development is expected to occur over the next 20-25 years and will significantly increase both the population of the City's West and Council's asset base.

The Planning Agreement was applied to the Stage 2A, Stage 2B and Stage 3A development applications in lieu of the Section 94 Contributions Plan. Contributions including cash and non-cash were received from the Stage 1A development

# Environmental Upgrade Agreement

No Environmental Upgrade Agreements have been established.

# Fisheries Management

Council have not received any formal requests or complaints regarding matters covered in any recovery or threat abatement plan listed under the NSW Fisheries Management Act.

# Stormwater Management Services

## Stormwater Services

The Stormwater Levy provided for substantial renewal of Council's stormwater network with projects at 18 sites across the local area. This work involved the replacement and renewal of stormwater pipes, pits, headwalls, culverts, and scour protection. Detailed designs for two Gross Pollutant Traps (GPTs) were completed utilising stormwater levy funding and will be constructed in the 2017/18 financial year.

## Stormwater Monitoring

Water quality monitoring continues to be undertaken for major waterways and wetlands under the stormwater monitoring program. Stormwater monitoring assists with characterising the environmental health of the city's major waterways and assessing the quality of stormwater discharging from urban and rural catchments. Results are used to identify any water quality concerns and assess the effectiveness of stormwater treatment measures.

Quarterly monitoring is undertaken for waterways including Elliott Lake, Bensons Creek, Tongarra Creek, City Pond, Horsley Creek, Oakey Creek, Macquarie Rivulet and Dunmore and Myimbarr wetlands.

## Stormwater Education

Funding from the Stormwater Levy has contributed to the development and delivery of the Stormwater Coaches Program in partnership with Illawarra Environmental Education Centre. Educational workshops on stormwater pollution sources and prevention were delivered to 76 classes in 15 local primary schools.

## Coastal Protection Service

Council does not administer an annual charge for coastal protection services.

# Special Rate Variation Expenditure

Shellharbour City Council was successful with its special rate variation application, under Section 508A of the Local Government Act, in 2012/13. This allowed Council to increase its general rating income to go towards the renewal of infrastructure. The annual program is based on priorities determined by Council's asset management system in conjunction with the Asset Management Plans.

The total funds expended in 2016/17 under the special rate variation amounted to \$8.49 m. A breakdown of this expenditure according to asset class is provided below:

<p>Buildings</p> <p><b>\$1.37m</b></p>	<ul style="list-style-type: none"> <li>• Shellharbour Beachside Tourist Park Redevelopment (A)</li> <li>• Warilla Library Relocation Project</li> <li>• Various refurbishment projects including SES Building Albion Park (B) Required Structural Works, Works Depot building refurbishment works (C), Airport Hangar refurbishment works and Sign Shed renewal</li> </ul>
<p>Roads and Related Assets including footpaths and cycleways</p> <p><b>\$4.47m</b></p>	<ul style="list-style-type: none"> <li>• Sprayseal of the Airport Taxiway</li> <li>• 77 road segments were resealed (including Burroo Street, Jeffcoat Street, Airport Road and Hendricks Parade)</li> <li>• Eight footpath renewal projects including Blackbutt Shareway Stage One</li> <li>• Three bus shelter replacements at Madigan Boulevard, Old Lake Entrance Road and George Street</li> <li>• Carpark renewal</li> </ul>
<p>Stormwater and Floodplain Management</p> <p><b>\$549k</b></p>	<ul style="list-style-type: none"> <li>• Various stormwater relining projects (including Central Avenue, Bicentennial and Frasers Park and Edward Street)</li> </ul>
<p>Open Space and Recreation</p> <p><b>\$1.60m</b></p>	<p>Various renewal projects including</p> <ul style="list-style-type: none"> <li>• Warilla Rockwall remediation (retaining wall)</li> <li>• Renewal component of Shellharbour Village Boat Ramp</li> <li>• Play Equipment renewals</li> <li>• Panorama Oval Fence Replacement</li> <li>• Skiway Park Jetty Refurbishment</li> </ul>
<p>Plant and Other Assets</p> <p><b>\$497k</b></p>	<ul style="list-style-type: none"> <li>• Lake Entrance Road Embankment formalisation (D)</li> <li>• The Links HVAC Renewal</li> <li>• The Links Pump Replacement</li> <li>• Beverley Whitfield Pool Pumping System</li> </ul>



# Assets acquired by Council during 2016/17

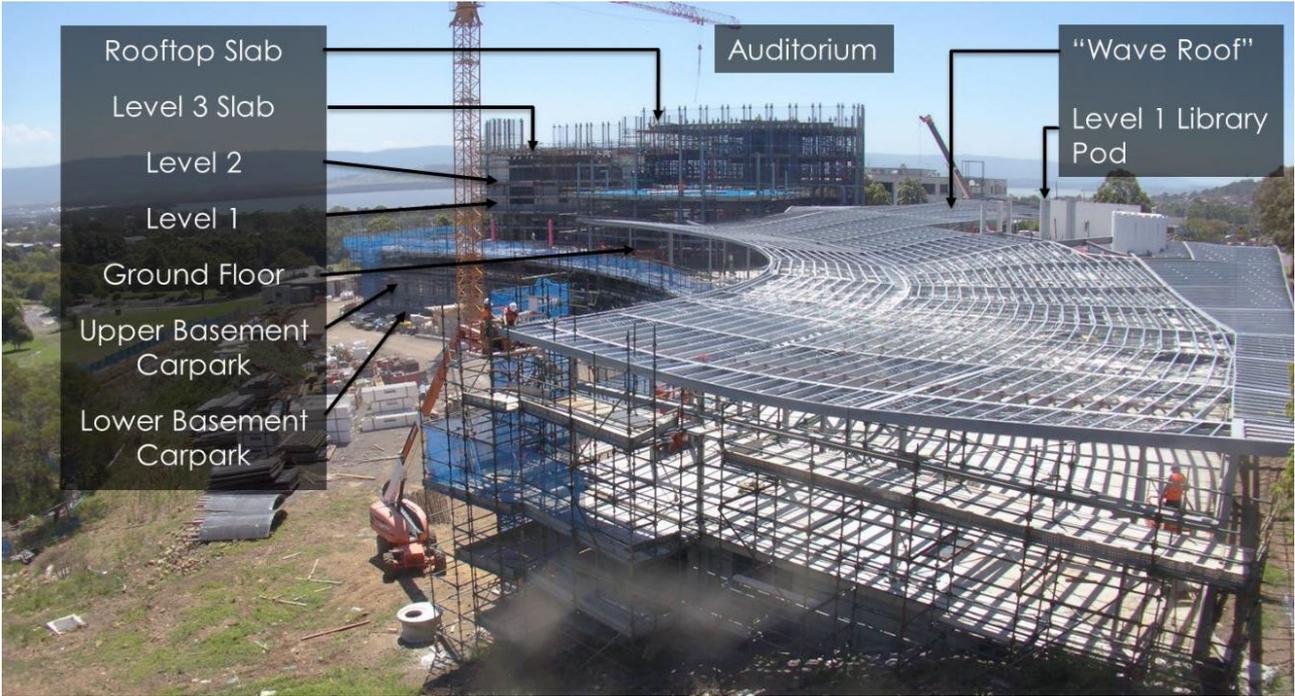
Assets are added to Council's asset register on an ongoing basis through private development and works carried out by Council as part of its adopted Capital Works Program. The total value of asset additions associated with Council capital works amounts to \$59.90M for the 2016/17 financial year. The works carried out by Council include both the construction of new assets and the renewal or upgrade of existing infrastructure.

Assets acquired through private development includes the handover of assets constructed through major subdivisions, works in kind and user groups of Council land. For 2016/17, the total value of assets acquired was \$16.35M. This was comprised of \$9.59M of infrastructure assets and \$6.76M of contributed land. This largely came from new sections of Shell Cove, Calderwood and Tullimbar being handed over.

The values of assets acquired are summarised below.

## Works Completed and In Progress

<p>Buildings</p> <p><b>\$28.35m</b></p>	<p>Key projects include:</p> <ul style="list-style-type: none"> <li>• Shellharbour Civic Centre (A)</li> <li>• Albion Park SES building refurbishment</li> <li>• Albion Park Tennis Club</li> <li>• Shellharbour Tourist Park Amenities Renewal (B)</li> </ul>
<p>Roads</p> <p><b>\$7.25m</b></p>	<p>Key projects include:</p> <ul style="list-style-type: none"> <li>• Renewal of 80 road segments across the Local Government Area (C)</li> <li>• Lake Entrance Road Embankment Stabilisation</li> <li>• Riverside Drive Embankment Stabilisation</li> <li>• Blackbutt Shareway Renewal</li> </ul>
<p>Drainage</p> <p><b>\$1.76m</b></p>	<p>Key projects include:</p> <ul style="list-style-type: none"> <li>• Benson Creek Stabilisation</li> <li>• Stormwater Renewals at Shellharbour, Mt Warrigal, Albion Park, and Oak Flats</li> <li>• Bensons Creek GPT</li> <li>• Detailed Design of Hamilton Road and Wattle Road GPT's</li> </ul>
<p>Open Space and Recreation</p> <p><b>\$2.84m</b></p>	<p>Key projects include:</p> <ul style="list-style-type: none"> <li>• Albion Park Showground Light Renewals, Oak Flats Pool and King Mickey Park</li> <li>• Fence replacements at Panorama and Cec Glenholmes Ovals</li> <li>• Shellharbour Boat Ramp Renewal</li> </ul>
<p>Plant and Other Assets</p> <p><b>\$19.70m</b></p>	<p>Key projects include:</p> <ul style="list-style-type: none"> <li>• Resource Recovery Redevelopment (R3) project (D)</li> <li>• Landfill Cell Capping and Construction</li> <li>• Major and Minor Fleet and Plant changeovers</li> </ul>



## Assets contributed by developers and others

Asset Class	Value \$'000
Drainage	\$3,491
Footpaths	\$1,334
Kerb & Gutter	\$1,191
Roads	\$3,296
Land under Roads	\$5,037
Sport & Recreation	\$280
Community Land	\$1,720

## Assets held by Council at the end of 2016/17

Infrastructure assets managed by Council include sealed and unsealed local roads, stormwater drainage, recreation facilities and public buildings. The diagram below summarises the asset portfolio currently held by Council at the end of the 2016/17 financial year.

Asset Type	Quantity
Buildings	222
Sealed Roads	388km
Footpath & Shared Use Path	203km
Stormwater drainage	264km
Unsealed Road	13km
Stormwater Drainage Pits	9,471
Swimming Pools	10

## Work carried out on private land

Council performs various works on private land each year for which it looks to recover costs as part of the process.

# Contracts Awarded

Contracts in excess of \$150,000 awarded by Council during 2016/17

Contractor	Contract detail & purpose	Contract Value (\$)
Cadifern Civil	Pork Chop Hill Embankment Stabilisation Works	\$ 534,214
Boral Asphalt	2016/17 Road Renewal	\$ 2,650,000
Teneo	Dunmore Landfill Waste Batter Excavation	\$ 269,245
Re. Grow (Shellharbour) Pty Ltd	FOGO Project Agreement	\$ 21,051,950
HIPAC Pty Ltd	Shellharbour Tourist Park Amenities Building	\$ 1,147,230
Cleanaway Industrial Solutions	Landfill Leachate Treatment & Disposal	\$ 801,270
Cleanaway Waste Management Limited	Dunmore Landfill Leachate Disposal	\$ 675,000
Thomas Duryea Logicalis	Establishment of wired and wireless networks at Civic Centre	\$ 639,330
Thomas Duryea Logicalis	Establishment of Data Centre at Civic Centre	\$ 656,716
Teneo	Construction of Landfill Cell 5A	\$ 1,664,194
Roadworx	Gravel rework and spray seal of roads	\$ 800,000
The Trust Company Pty Ltd	Contract for sale - Lot 4000 Lamerton Crescent, Shellharbour City Centre	\$ 6,600,000
The Trust Company Pty Ltd	Contract for sale - Lot 3000 Lamerton Crescent, Shellharbour City Centre	\$ 1,400,000
Ericom Pty Ltd	Civic Centre Telephony Establishment	\$ 369,074
Gailen Pty Ltd	Contract for acquisition - Tripoli Way - Hamilton Road	\$ 595,000
Caunt Capital Pty Ltd	Contract for sale - Lot 5 DP 244190 - Hargraves Avenue, Albion Park Rail	\$ 280,000
Joss Facility Management	Beverley Whitfield Pool Additions - Construction of Lifeguard Amenities and First Aid Rooms	\$ 304,046
Project Coordination Australia	Construction of SES Control Communications Building, Albion Park	\$ 559,036
JRW Trading Pty Ltd, trading as Jaydub Electrical	Lighting upgrade works - various sites	\$ 328,666
Cardno (NSW / ACT) Pty Ltd	The Links Subdivision Detailed Design	\$ 156,027
Batmac Construction Pty Ltd	Albion Park Tennis Club Refurbishment	\$ 188,896
Creative Recreation Solutions	Little Park Design and Construct	\$ 201,907
JBG Contractors	Dunmore Landfill Waste Batter Excavation	\$ 449,588
Cleary Bros Pty Ltd	Warilla Beach Emergency Remedial Works	\$ 265,000
Origin Electricity Limited	Supply of electricity for small sites	\$ 700,000
Data#3 Limited	Microsoft Licensing and associated products and services via large account resellers (LARS)	\$ 741,456

# Condition of Public Works

As at 30/06/2017

\$ '000

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance	2016/17 Actual maintenance	Net carrying amount
<b>Buildings</b>	Buildings	544	1,089	1,715	1,787	50,322
	<b>Sub-total</b>	<b>544</b>	<b>1,089</b>	<b>1,715</b>	<b>1,787</b>	<b>50,322</b>
<b>Other Structures</b>	Other structures	20	40	-	-	1,531
	<b>Sub-total</b>	<b>20</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>1,531</b>
<b>Roads</b>	Sealed roads	2,334	4,668	657	1,081	131,591
	Unsealed roads	121	241	53	33	398
	Bridges	504	1,007	5	4	7,976
	Footpaths	630	1,261	325	390	36,039
	Other road assets	72	143	283	248	15,454
	<b>Sub-total</b>	<b>3,661</b>	<b>7,320</b>	<b>1,323</b>	<b>1,756</b>	<b>191,458</b>
<b>Stormwater drainage</b>	Stormwater drainage	4,295	8,591	359	453	172,064
	<b>Sub-total</b>	<b>4,295</b>	<b>8,591</b>	<b>359</b>	<b>453</b>	<b>172,064</b>
<b>Open space/ recreational assets</b>	Swimming pools	-	-	1,368	1,487	3,183
	Other	131	262	4,578	4,982	6,610
	<b>Sub-total</b>	<b>131</b>	<b>262</b>	<b>5,946</b>	<b>6,469</b>	<b>9,793</b>
<b>Other infrastructure assets</b>	Other Airport Runway	-	-	54	112	5,302
	Other	-	-	-	-	1,425
	<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>54</b>	<b>112</b>	<b>6,727</b>
<b>TOTAL – ALL ASSETS</b>		<b>8,651</b>	<b>17,302</b>	<b>9,397</b>	<b>10,577</b>	<b>431,895</b>

## Asset Condition Key

- 1 - Excellent - No work required (normal maintenance)
- 2 - Good - Only minor maintenance work required
- 3 - Average - Maintenance work required
- 4 - Poor - Renewal required
- 5 - Very Poor - Urgent renewal / upgrading required

Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
	1	2	3	4	5
99,875	13%	59%	26%	1%	1%
<b>99,875</b>	<b>13.3%</b>	<b>58.8%</b>	<b>25.9%</b>	<b>0.9%</b>	<b>1.1%</b>
2,420	82%	8%	9%	2%	0%
<b>2,420</b>	<b>81.6%</b>	<b>7.6%</b>	<b>9.2%</b>	<b>1.6%</b>	<b>0.0%</b>
166,241	20%	59%	18%	3%	0%
672	64%	0%	0%	36%	0%
11,042	49%	18%	23%	9%	0%
49,078	43%	32%	23%	2%	0%
20,351	52%	26%	21%	1%	0%
<b>247,384</b>	<b>28.7%</b>	<b>48.8%</b>	<b>19.6%</b>	<b>2.8%</b>	<b>0.1%</b>
247,344	28%	38%	30%	3%	1%
<b>247,344</b>	<b>27.5%</b>	<b>38.2%</b>	<b>30.5%</b>	<b>2.6%</b>	<b>1.2%</b>
8,009	0%	50%	50%	0%	0%
13,221	0%	0%	0%	0%	100%
<b>21,230</b>	<b>0.0%</b>	<b>19.0%</b>	<b>18.8%</b>	<b>0.0%</b>	<b>62.3%</b>
6,139	52%	43%	4%	0%	0%
1,477	42%	35%	4%	0%	19%
<b>7,616</b>	<b>50.4%</b>	<b>41.6%</b>	<b>4.3%</b>	<b>0.0%</b>	<b>3.8%</b>
625,869	25.3%	44.9%	24.6%	2.3%	2.9%

# Equal Employment Opportunity Management Plan

Shellharbour City Council is an equal opportunity employer which aim to ensure that the workplace is free of bullying, harassment and discrimination in any form.

- Since 2011 Shellharbour Council has had a female Mayor. Council currently has three female councillors or 43% of elected official. Marianne Saliba recently entered her third term as Mayor, providing a strong female leadership role model for the organisation.
- Our flexible work practices and supportive working environment is influencing the gender profile in our senior management ranks. A number of our senior women balance young children with their senior management roles providing positive role models for young women in council.
- Engineering has traditionally been a male dominated field. At Shellharbour two of our three senior managers responsible for engineering are female. The profile of our cadet engineers is also changing with 60% of our cadets being female.
- The Workplace Consultative Committee is the peak employee consultative body in Council. The committee consists of a diverse group of employees representing different cultural backgrounds, age groups, gender and employment types (part-time, full time, staff contract). The diverse nature of the committee provides council with a broad perspective on issues and more inclusive decision making.
- Part time work continues to be a popular option for council employee of all ages and stages of life. While this has always been a popular option for women returning to work from maternity leave, there has been an increase in men taking advantage of part-time work through Council Phased Retirement Policy. This a positive sign that gender stereo types are being broken down with an increase in men utilising other flexible work options such as carers leave and parental leave.
- This year we have also seen an increase in the number of staff working from home for a variety of reasons. With technological improvements we anticipate that working from home will become a more viable option for staff working in office based roles.
- Phased retirement is proving to be popular for staff wanting to reduce their working hours prior to retirement. Staff are able to gradually reduce hours of work over a three year period while utilising various forms of accrued leave to maintain a full-time income.
- In 2017 Council all employees attended mandatory bullying and harassment training.

## Councillor Costs

Item	Cost (\$)
Total cost during the year for office equipment (including laptop, computer and mobile phone) allocated to Councillors on a personal basis	\$1,724
Total cost during the year for telephone calls made by Councillors, including calls made from mobile phones provided by the Council and from landline telephones and facsimile services installed in councillors homes	\$11,760
Details of attendance of councillors at conferences and seminars and the total cost	\$18,142
Details of training of councillors and the provision of skill development for councillors and the total cost	\$0
Details of interstate visits undertaken during the year by councillors while representing the council (including the cost of transport, the cost of accommodation and other out of pocket travelling expenses	\$3,919
Details of overseas visits undertaken during the year by councillors while representing the council (including the cost of transport, the cost of accommodation and other out of pocket travelling expenses.	\$0
Expenses of any spouse, partner or other person who accompanied a councillor in the performance of his or her civic functions, being expenses payable in accordance with the Guidelines for the payment of expenses and the provision of facilities for Mayors and Councillors for Local Councils in NSW	\$1,360
Expenses involved in the provision of care for a child of, or an immediate family member of, a councillor, to allow the councillor to undertake his or her civic functions	\$210
<b>Total costs</b>	<b>\$37,115</b>

## Overseas Visits

No overseas trips were taken by the Mayor, Councillors or General Manager during the last financial year.

# Senior Staff Remuneration

Shellharbour City Council employed one General Manager and three Directors during the period 1 July 2016 to 30 June 2017. During this period, the General Manager commenced introducing a new Council structure and this was effective from 15 May 2017. The previous structure included three Director positions, with one position being vacant and one Director resigning in September 2016. The new structure continues to provide three Director positions with two Director positions remaining vacant in this reporting period.

The General Manager and the Directors are employed on a Division of Local Government contract for a period of between three and five years.

## **General Manager**

As at 30 June 2017, the General Manager was paid a total remuneration of \$297,519.44.

## **Directors**

As at the 30 June 2017, the Directors were paid a total remuneration of \$260,330.39.

In the previous structure, one position of Director was vacant from 2 November 2015 to 14 May 2017 and one Director resigned on 9 September 2016.

In the new structure effective from 15 May 2017, two Director positions were vacant during the reporting period. These costs include salary, superannuation paid by way of employer contributions and salary sacrifice, non-cash benefits and fringe benefits tax payable by Council for non-cash benefits.

# External Bodies, Companies and Partnerships

Council has not exercised any delegations of functions to external bodies and did not hold any controlling interests in any companies during the 2016/17 financial year.

- Council had interests in the following entities during the 2016/17 financial year:
- CivicRisk West – provision of public liability and professional indemnity insurance
- CivicRisk Mutual – provision of property, motor vehicle insurance etc
- Shell Cove – development of residential property and associated infrastructure

# Summary of Legal Proceedings

Name of Other Party	Court	Comment on status/outcome	Invoices rendered
Minister for Local Government & Ors	Land & Environment Court of NSW	<p>Proceedings commenced by Council against the Minister's proposed amalgamation with Wollongong City Council.</p> <p>The proceedings were dismissed. Council appealed against in the decision in the Court of Appeal (see below).</p>	\$116,109.75
Minister for Local Government & Ors	Court of Appeal	<p>On 14 February 2017 (2 days prior to the hearing), the Minister advised that she had decided not to proceed with the proposed merger.</p> <p>The parties are awaiting the Court's determination on the question of costs (of both the appeal and the Land and Environment Court proceedings) including any orders for the parties to file further submissions in response to the Minister's decision to abandon various other mergers the subject of legal proceedings in the Court of Appeal and the High Court.</p>	\$102,065.33
Wollongong City Council	Land & Environment Court of NSW	Matter completed by entry into consent orders. Council offered to pay Lendlease's costs in the amount of \$150,000.00 on 11 July 2017. Offer accepted by Lendlease on 12 July 2017	\$51,325.50
18 Falcon St Pty Limited	Land & Environment Court of NSW	Matter completed by entry into section 34 agreement where Council agreed to grant of development consent to amended plans	\$14,031.00
Wollongong City Council	Land and Environment Court of NSW	Draft deed of settlement being considered by Wollongong City Council. VPA between Wollongong City Council and Lend Lease being drafted. Proposed adjourned until early September.	\$0.00
Personnel matters			\$0.00
No industrial proceedings to report			
Recovery of Rates and Charges			\$309,285

# Obligations under the Government Information Public Access (GIPA) Act

## Review of proactive release program – Clause 7(a)

Under section 7 of the GIPA Act, agencies must review their programs for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

Shellharbour City Council is committed to being open, transparent and accountable by providing as much information as it can to the public on its website. It would be difficult to list all of the information that Shellharbour City Council provides on its website under Proactive Release. Therefore, documents considered to be of significant public interest are made available under the Proactive Release heading.

During the reporting period, the following information was made available to the public under the Proactive Release section of Council's website:

- [Code of Conduct Statistics Report](#)
- [Councillor Expenses Register](#)
- [Gifts and Benefits Register](#)
- [Illawarra Biodiversity Strategy volume 1](#)
- [Illawarra Biodiversity Strategy volume 2](#)
- [Independent Local Government Review Panel 20 Essential Steps Submission](#)
- [Independent Local Government Review Panel Sustainable Change Submission](#)
- [Local Government Acts Taskforce Preliminary Ideas Further Submission](#)
- [Local Government Acts Taskforce Preliminary Ideas Paper Submission](#)
- [Right to Purchase Deed Stockland - Sale of Lamerton House](#)
- [Submission NSW Department of Planning & Infrastructure White Paper](#)

Shellharbour City Council's program for the proactive release of information involves the following:

- [Reporting and discussions with senior management to identify new information suitable for proactive release](#)
- [Annual awareness communication with all council officials](#)
- [Discussions with key internal stakeholders to promote awareness of releasing information under proactive release](#)
- [Consideration of access applications for proactive release](#)
- [Discussions with external stakeholders to identify information that is of public interest that may be considered for proactive release](#)
- [Annual review of existing proactive release information to ensure it is relevant and up to date](#)

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- [Annual review of existing proactive release information to ensure it is relevant and up to date](#)

## Number of access applications received – Clause 7(b)

During the reporting period, Council received a total of 16 formal access applications (including withdrawn applications but not invalid applications).

## Number of refused applications for Schedule 1 information – Clause 7(c)

During the reporting period, Shellharbour City Council refused nil access applications either wholly or in part because the information requested was information referred to in Schedule 1 to the GIPA Act (information for which there is conclusive presumption of overriding public interest against disclosure).

## 4. Statistical information about access applications Clause 7(d) and Schedule 2

**Table A: Number of applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Media	0	0	0	0	0	0	0	0	0	0%
Members of Parliament	0	0	0	0	0	0	0	0	0	0%
Private sector business	1	1	0	0	0	0	0	1	3	23%
Not for profit organisations or community groups	0	0	0	0	0	0	0	0	0	0%
Members of the public (application by legal representative)	1	3	0	0	0	0	0	0	4	31%
Members of the public (other)	2	2	1	0	0	0	0	1	6	46%
<b>Total</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>13</b>	
% of Total	31%	46%	8%	0%	0%	0%	0%	15%		

\*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

**Table B: Number of applications by type of application and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn	Total	% of Total
Personal information applications*	0	0	0	0	0	0	0	1	1	8%
Access applications (other than personal information applications)	4	6	1	0	0	0	0	1	12	92%
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0	0	0%
<b>Total</b>	<b>4</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>13</b>	
% of Total	31%	46%	8%	0%	0%	0%	0%	15%		

\*AA personal information application is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

**Table C: Invalid applications**

Reason for invalidity	Number of applications	% of Total
Application does not comply with formal requirements (section 41 of the Act)	2	100%
Application is for excluded information of the agency (section 43 of the Act)	0	0%
Application contravenes restraint order (section 110 of the Act)	0	0%
Total number of invalid applications received	2	100%
Invalid applications that subsequently became valid applications	1	50%

**Table D: Conclusive presumption of overriding public interest against disclosure:  
matters listed in Schedule 1 of the Act**

	Number of times consideration used*	% of Total
Overriding secrecy laws	0	0%
Cabinet information	0	0%
Executive Council information	0	0%
Contempt	0	0%
Legal professional privilege	0	0%
Excluded information	0	0%
Documents affecting law enforcement and public safety	0	0%
Transport safety	0	0%
Adoption	0	0%
Care and protection of children	0	0%
Ministerial code of conduct	0	0%
Aboriginal and environmental heritage	0	0%
<b>Total</b>	<b>0</b>	

\*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**Table E: Other public interest considerations against disclosure:  
matters listed in table to section 14 of the Act**

	Number of occasions when application not successful	% of Total
Responsible and effective government	0	0%
Law enforcement and security	0	0%
Individual rights, judicial processes and natural justice	7	88%
Business interests of agencies and other persons	1	13%
Environment, culture, economy and general matters	0	0%
Secrecy provisions	0	0%
Exempt documents under interstate Freedom of Information legislation	0	0%
<b>Total</b>	<b>8</b>	

**Table F: Timeliness**

	Number of applications	% of Total
Decided within the statutory time frame (20 days plus any extensions)	12	100%
Decided after 35 days (by agreement with applicant)	0	0%
Not decided within time (deemed refusal)	0	0%
<b>Total</b>	<b>12</b>	

**Table G: Number of applications reviewed under Part 5 of the Act  
(by type of review and outcome)**

	Decision varied	Decision upheld	Total	% of Total
Internal review	0	0	0	0%
Review by Information Commissioner*	0	0	0	0%
Internal review following recommendation under section 93 of Act	0	0	0	0%
Review by ADT	0	0	0	0%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	
% of Total	0%	0%		

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review	% of Total
Applications by access applicants	0	0%
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0	0%
<b>Total</b>	<b>0</b>	

**Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act  
(by type of transfer)**

	Number of applications transferred	% of Total
Agency-initiated transfers	0	0%
Applicant-initiated transfers	0	0%
<b>Total</b>	<b>0</b>	

# Public Interest Disclosures (PID)

The Public Interest Disclosures Act 1994 (PID Act) sets in place a system to encourage public officials to report serious wrongdoing. The conditions around this reporting are set out in Council's Internal Reporting (Public Interest Disclosures) Policy.

Councils are required to provide the NSW Ombudsman with statistical information on their compliance with their obligations under the PID Act on a six monthly basis. Councils are also required to report on their obligations under the PID Act in their annual report.

During 2016/17, Council did not receive any Public Interest Disclosures. Council undertook the following actions to meet its staff awareness obligations:

- Public Interest Disclosures officers attending training
- Email messages to all staff providing information about how to make a Public Interest Disclosure
- Undertaking review of the Internal Reporting (Public Interest Disclosures) Policy
- Training provided to new staff during inductions
- Links to the policy on our external website
- Links to the policy on our internal Intranet site



Shellharbour  
CITY COUNCIL

# Audited Financial Statements

For the year ended 30 June 2017



# Shellharbour City Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2017

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A City of Vision



Shellharbour  
CITY COUNCIL

# Shellharbour City Council

## General Purpose Financial Statements

for the year ended 30 June 2017

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### Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Shellharbour City Council.
- (ii) Shellharbour City Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 20 October 2017. Council has the power to amend and reissue these financial statements.
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# Shellharbour City Council

## General Purpose Financial Statements for the year ended 30 June 2017

### Understanding Council's financial statements

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#### Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

#### What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2017.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

# Shellharbour City Council

## General Purpose Financial Statements

for the year ended 30 June 2017

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### Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (NSW) (as amended)

The attached General Purpose Financial Statements have been prepared in accordance with:

- the *Local Government Act 1993* (NSW) (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the *Local Government Code of Accounting Practice and Financial Reporting*.

#### To the best of our knowledge and belief, these statements:

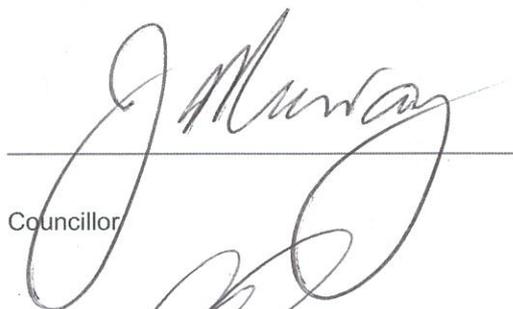
- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on .



Marianne Saliba  
Mayor



Councillor



Carey McIntyre  
General Manager



Gary Grantham  
Responsible Accounting Officer

## Shellharbour City Council

## Income Statement

for the year ended 30 June 2017

Budget <sup>1</sup> 2017	\$ '000	Notes	Actual 2017	Actual 2016
<b>Income from continuing operations</b>				
<i>Revenue:</i>				
54,832	Rates and annual charges	3a	55,455	49,752
23,625	User charges and fees	3b	21,523	25,035
2,094	Interest and investment revenue	3c	3,330	3,273
3,209	Other revenues	3d	3,034	5,334
8,164	Grants and contributions provided for operating purposes	3e,f	10,121	8,905
11,375	Grants and contributions provided for capital purposes	3e,f	24,707	11,288
<i>Other income:</i>				
4,473	Net gains from the disposal of assets	5	3,656	4,087
–	Net share of interests in joint ventures and associates using the equity method	19	86	29
<b>107,772</b>	<b>Total income from continuing operations</b>		<b>121,912</b>	<b>107,703</b>
<b>Expenses from continuing operations</b>				
32,597	Employee benefits and on-costs	4a	31,169	31,631
515	Borrowing costs	4b	501	479
24,873	Materials and contracts	4c	22,938	20,033
13,376	Depreciation and amortisation	4d	13,406	13,415
16,841	Other expenses	4e	16,655	18,698
<b>88,202</b>	<b>Total expenses from continuing operations</b>		<b>84,669</b>	<b>84,256</b>
<b>19,570</b>	<b>Operating result from continuing operations</b>		<b>37,243</b>	<b>23,447</b>
<b>19,570</b>	<b>Net operating result for the year</b>		<b>37,243</b>	<b>23,447</b>
11,375	<b>Net operating result attributable to Council</b>		<b>37,243</b>	<b>23,447</b>
<b>8,195</b>	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		<b>12,536</b>	<b>12,159</b>

<sup>1</sup> Original budget as approved by Council – refer Note 16

## Shellharbour City Council

Statement of Comprehensive Income  
for the year ended 30 June 2017

\$ '000	Notes	Actual 2017	Actual 2016
<b>Net operating result for the year</b> (as per Income Statement)		<b>37,243</b>	<b>23,447</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of I,PP&E	20b (ii)	–	(27,991)
Other comprehensive income – joint ventures and associates	19b	(2)	1
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>(2)</b>	<b>(27,990)</b>
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Nil			
<b>Total other comprehensive income for the year</b>		<b>(2)</b>	<b>(27,990)</b>
<b>Total comprehensive income for the year</b>		<b>37,241</b>	<b>(4,543)</b>
<b>Total comprehensive income attributable to Council</b>		<b>37,241</b>	<b>(4,543)</b>

## Shellharbour City Council

Statement of Financial Position  
as at 30 June 2017

\$ '000	Notes	Actual 2017	Restated 30 June 2016	1 July 2015
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	6a	16,943	3,602	7,995
Investments	6b	44,418	56,004	38,979
Receivables	7	5,824	6,413	5,831
Inventories	8	1,519	1,873	2,185
Other	8	620	563	571
Non-current assets classified as 'held for sale'	22	1,158	9,767	10,104
<b>Total current assets</b>		<b>70,482</b>	<b>78,222</b>	<b>65,665</b>
<b>Non-current assets</b>				
Investments	6b	26,315	27,455	34,550
Receivables	7	1,137	1,122	896
Infrastructure, property, plant and equipment	9	722,795	660,048	672,222
Investments accounted for using the equity method	19	388	304	274
Investment property	14	19,426	19,320	16,341
Intangible assets	25	3,110	3,890	1,952
<b>Total non-current assets</b>		<b>773,171</b>	<b>712,139</b>	<b>726,235</b>
<b>TOTAL ASSETS</b>		<b>843,653</b>	<b>790,361</b>	<b>791,900</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	10	9,275	8,042	5,001
Income received in advance	10	1,695	1,717	1,880
Borrowings	10	1,251	466	1,240
Provisions	10	13,052	12,442	11,807
<b>Total current liabilities</b>		<b>25,273</b>	<b>22,667</b>	<b>19,928</b>
<b>Non-current liabilities</b>				
Borrowings	10	16,697	3,521	3,587
Provisions	10	15,511	15,240	14,910
<b>Total non-current liabilities</b>		<b>32,208</b>	<b>18,761</b>	<b>18,497</b>
<b>TOTAL LIABILITIES</b>		<b>57,481</b>	<b>41,428</b>	<b>38,425</b>
<b>Net assets</b>		<b>786,172</b>	<b>748,933</b>	<b>753,475</b>
<b>EQUITY</b>				
Retained earnings	20	413,817	376,576	353,128
Revaluation reserves	20	372,115	372,115	400,106
Other reserves	20	–	–	–
Council equity interest		785,932	748,691	753,234
Non-controlling equity interests		240	242	241
<b>Total equity</b>		<b>786,172</b>	<b>748,933</b>	<b>753,475</b>

## Shellharbour City Council

## Statement of Changes in Equity

for the year ended 30 June 2017

\$ '000	Notes	2017				2016					
		Retained earnings	Asset revaluation reserve (Refer 20b)	Council interest	Non-controlling interest	Total equity	Retained earnings	Asset revaluation reserve (Refer 20b)	Council interest	Non-controlling interest	Total equity
<b>Opening balance</b> (as per last year's audited accounts)		418,908	373,052	<b>791,960</b>	242	<b>792,202</b>	385,141	401,043	<b>786,184</b>	241	<b>786,425</b>
a. Correction of prior period errors	20 (c)	(42,332)	(937)	<b>(43,269)</b>	–	<b>(43,269)</b>	(32,013)	(937)	<b>(32,950)</b>	–	<b>(32,950)</b>
b. Changes in accounting policies (prior year effects)	20 (d)	–	–	–	–	–	–	–	–	–	–
<b>Revised opening balance</b>		<b>376,576</b>	<b>372,115</b>	<b>748,691</b>	<b>242</b>	<b>748,933</b>	<b>353,128</b>	<b>400,106</b>	<b>753,234</b>	<b>241</b>	<b>753,475</b>
<b>c. Net operating result for the year</b>		<b>37,243</b>	–	<b>37,243</b>	–	<b>37,243</b>	23,447	–	<b>23,447</b>	–	<b>23,447</b>
d. Other comprehensive income											
– Revaluations: IPP&E asset revaluation rsve	20b (ii)	–	–	–	–	–	–	(27,991)	<b>(27,991)</b>	–	<b>(27,991)</b>
– Joint ventures and associates	19b	(2)	–	<b>(2)</b>	–	<b>(2)</b>	1	–	<b>1</b>	–	<b>1</b>
<b>Other comprehensive income</b>		<b>(2)</b>	–	<b>(2)</b>	–	<b>(2)</b>	<b>1</b>	<b>(27,991)</b>	<b>(27,990)</b>	–	<b>(27,990)</b>
<b>Total comprehensive income</b> (c&d)		<b>37,241</b>	–	<b>37,241</b>	–	<b>37,241</b>	<b>23,448</b>	<b>(27,991)</b>	<b>(4,543)</b>	–	<b>(4,543)</b>
e. Distributions to/(contributions from) non-controlling interests		–	–	–	(2)	<b>(2)</b>	–	–	–	1	<b>1</b>
f. Transfers between equity		–	–	–	–	–	–	–	–	–	–
<b>Equity – balance at end of the reporting period</b>		<b>413,817</b>	<b>372,115</b>	<b>785,932</b>	<b>240</b>	<b>786,172</b>	<b>376,576</b>	<b>372,115</b>	<b>748,691</b>	<b>242</b>	<b>748,933</b>

This statement should be read in conjunction with the accompanying notes.

## Shellharbour City Council

## Statement of Cash Flows

for the year ended 30 June 2017

Budget 2017	\$ '000	Notes	Actual 2017	Actual 2016
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
54,832	Rates and annual charges		55,191	49,501
23,625	User charges and fees		23,797	25,724
2,094	Investment and interest revenue received		3,365	2,897
12,739	Grants and contributions		17,062	14,998
2,876	Other		3,519	3,366
<b>Payments:</b>				
(32,147)	Employee benefits and on-costs		(30,963)	(30,950)
(24,873)	Materials and contracts		(22,832)	(21,675)
(218)	Borrowing costs		(204)	(188)
(16,842)	Other		(17,717)	(16,319)
<u>22,086</u>	<b>Net cash provided (or used in) operating activities</b>	11b	<u>31,218</u>	<u>27,354</u>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
47,000	Sale of investment securities		32,465	29,035
3,990	Sale of real estate assets		4,433	4,433
896	Sale of infrastructure, property, plant and equipment		10,489	1,409
<b>Payments:</b>				
(8,000)	Purchase of investment securities		(19,320)	(38,857)
–	Purchase of investment property		(106)	–
(78,583)	Purchase of infrastructure, property, plant and equipment		(59,797)	(26,928)
–	Contributions paid to joint ventures and associates		–	1
<u>(34,697)</u>	<b>Net cash provided (or used in) investing activities</b>		<u>(31,836)</u>	<u>(30,907)</u>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
10,426	Proceeds from borrowings and advances		14,597	400
<b>Payments:</b>				
(629)	Repayment of borrowings and advances		(636)	(407)
–	Distributions to non-controlling interests		(2)	–
<u>9,797</u>	<b>Net cash flow provided (used in) financing activities</b>		<u>13,959</u>	<u>(7)</u>
<u>(2,814)</u>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>13,341</u>	<u>(3,560)</u>
8,727	Plus: <b>cash and cash equivalents – beginning of year</b>	11a	3,602	7,162
<u>5,913</u>	<b>Cash and cash equivalents – end of the year</b>	11a	<u>16,943</u>	<u>3,602</u>
Additional Information:				
	plus: <b>Investments on hand – end of year</b>	6b	70,733	83,459
	<b>Total cash, cash equivalents and investments</b>		<u>87,676</u>	<u>87,061</u>

Please refer to Note 11 for additional cash flow information

# Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

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## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the Local Government Act 1993 (NSW) and Regulations, and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not for-profit entity for the purpose of preparing these financial statements.

##### (i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance, however note 28 has been added.

##### (ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

##### (iii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of property, plant and equipment and investment property.

##### (iv) Significant accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

##### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment,
- (iii) Estimated tip remediation provisions.

##### **Significant judgements in applying the Council's accounting policies**

- (i) Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

##### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

##### (i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

#### (ii) User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided or when the penalty has been applied, whichever first occurs.

#### (iii) Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

#### (iv) Interest

Interest income is recognised using the effective interest rate at the date that interest is earned.

#### (v) Rent

Rental income is accounted for on a straight-line basis over the lease term.

#### (vi) Dividend income

Revenue is recognised when the Council's right to receive the payment is established, which is generally when shareholders approve the dividend.

#### (vii) Other income

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

### (c) Principles of consolidation

#### (i) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations

#### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

#### (iii) County Councils

Council is not a member of any county councils.

#### (iv) Interests in other entities

#### Subsidiaries

Council has no interest in any subsidiaries.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### Joint arrangements

Council has no interest in any joint arrangements.

##### Joint ventures/associates

Interests in joint ventures/associates are accounted for using the equity method in accordance with AASB128 Associates and Joint Ventures. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

##### (d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that

Council will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

##### (e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

##### (f) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents includes cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### **(g) Inventories**

##### **(i) Raw materials and stores, work in progress and finished goods**

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

##### **(ii) Inventory held for distribution**

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

##### **(iii) Land held for resale/capitalisation of borrowing costs**

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

#### **(h) Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

#### **(i) Investments and other financial assets**

##### **Classification**

Council classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

##### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that are classified as current assets.

##### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless

management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

##### **Recognition and de-recognition**

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

##### **Subsequent measurement**

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

##### **Impairment**

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

##### (i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of

amounts previously written off are credited against other expenses in the income statement.

##### Investment Policy

Council has an approved investment policy complying with Section 625 of the Local Government Act 1993 (NSW) and Clause 212 of the Local Government (General) Regulation 2005 (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order. Council maintains an investment policy that complies with the Act and ensures that it, or its representatives, exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order (the Order) arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed; however, they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

##### (j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

#### (k) Infrastructure, property, plant and equipment (IPPE)

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

##### Externally valued:

- Operational land
- Community land
- Buildings – specialised/non-specialised
- Swimming pools

##### Internally valued:

- Roads assets including roads, bridges and footpaths
- Stormwater drainage
- Other infrastructure

##### As approximated by depreciated historical cost:

- Plant and equipment
- Land improvements
- Other structures
- Other open space/recreational assets
- Other assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss.

Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Depreciation

Land is not depreciated.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Buildings	40 to 80 years
- Roadworks	15 to 320 years
- Kerb and Gutter	100 years
- Bridges	50 to 100 years
- Plant and Equipment	5 to 10 years
- Furniture and Fittings	10 to 15 years
- Office Equipment	4 to 10 years
- Drainage	70 to 140 years
- Library Books	5 Years
- Golf Course Land Improvements	50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### (l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets, or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other income.

Properties that are under construction for future use as investment properties are regarded as investment properties. These are also carried at fair value unless the fair value cannot yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete.

##### (m) Payables

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

##### (n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and

amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### (o) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

##### (p) Provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### (q) Employee benefits

###### (i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

###### (ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

###### (iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

##### Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable.

##### Defined Contribution Plans

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### (r) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

##### (s) Self-insurance

Council does not self-insure.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

##### (t) Intangible assets

###### IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll, and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over a period of three years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, and where Council has an intention and ability to use the asset.

###### Other

Costs associated with hotel licence and gaming machine entitlements have also been capitalised and included as intangible assets.

##### (u) Crown reserves

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

##### (v) Rural fire service assets

Under section 119 of the Rural Fire Services Act 1997 (NSW), "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

##### (w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that are recoverable from, or payable to the taxation authority are presented as operating cash flows.

##### (x) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of the financial statements, the standards and interpretations listed below were in issue but not yet effective.

###### **Effective for annual reporting periods beginning on or after 1 January 2017**

*AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15*

*AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15*

*AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]*

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 1. Summary of significant accounting policies (continued)

AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*

AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*

**Effective for annual reporting periods beginning on or after 13 February 2017**

AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014- 16 Cycle*

**Effective for annual reporting periods beginning on or after 13 December 2017**

AASB 2017-1 *Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments*

**Effective for annual reporting periods beginning on or after 1 January 2018**

AASB 9 *Financial Instruments (December 2009)*

AASB 15 *Revenue from Contracts with Customers*

AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*

AASB 2014-1 *Amendments to Australian Accounting Standards (Part E)*

AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* AASB 1057 *Application of Australian Accounting Standards*

AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

AASB 2016-6 *Amendments to Australian Accounting Standards - Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts*

**Effective for annual reporting periods beginning on or after 1 January 2019**

AASB 16 *Leases*

AASB 16 *Leases (Appendix D)*

AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*

AASB 1058 *Income of Not-for-Profit Entities*

AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

The full impact of these standards has yet to be ascertained or quantified but will range from additional and/or revised disclosures to changes in how certain transactions and balances are accounted for.

#### **(y) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

#### **(z) Comparative figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Original budget 2017	Actual 2017	Actual 2016	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Governance	–	–	–	1,499	1,046	1,018	(1,499)	(1,046)	(1,018)	–	–	–	–
Environment	36,848	32,867	36,793	30,968	28,472	27,734	5,880	4,395	9,059	1,415	1,289	201,225	182,284
Community	5,040	6,236	5,581	16,759	17,667	18,410	(11,719)	(11,431)	(12,829)	458	1,009	255,951	224,481
Economy	17,087	28,815	15,695	20,332	21,300	20,776	(3,245)	7,515	(5,081)	733	1,489	239,258	260,636
Leadership	1,456	1,708	5,046	18,644	16,184	16,318	(17,188)	(14,476)	(11,272)	362	212	146,831	122,656
<b>Total functions and activities</b>	<b>60,431</b>	<b>69,626</b>	<b>63,115</b>	<b>88,202</b>	<b>84,669</b>	<b>84,256</b>	<b>(27,771)</b>	<b>(15,043)</b>	<b>(21,141)</b>	<b>2,968</b>	<b>3,999</b>	<b>843,265</b>	<b>790,057</b>
Share of gains/(losses) in associates and joint ventures (using the equity method)	–	86	29	–	–	–	–	86	29	–	–	388	304
General purpose income <sup>1</sup>	47,341	52,200	44,559	–	–	–	47,341	52,200	44,559	7,945	5,351	–	–
<b>Operating result from continuing operations</b>	<b>107,772</b>	<b>121,912</b>	<b>107,703</b>	<b>88,202</b>	<b>84,669</b>	<b>84,256</b>	<b>19,570</b>	<b>37,243</b>	<b>23,447</b>	<b>10,913</b>	<b>9,350</b>	<b>843,653</b>	<b>790,361</b>

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 2(b). Council functions/activities – component descriptions

**Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:**

##### **GOVERNANCE**

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

##### **ENVIRONMENT**

Waste Management, Environmental Management, Regulation Management, Development Applications, Property Information Certificates, Building & Site Inspection, Land Use Planning Strategies, Flooding & Dams, Section 94, Drainage Management, Stormwater Management and Water Conservation.

##### **COMMUNITY**

Community Services Management, Children's Services, Youth Services, Cultural Development, Aged & Disabled, Indigenous Services, Social Planning, Community Transport, Cycleways & Footpaths, Community Safety, Road Safety, Health Services, Companion Animals, Emergency Services, Cemeteries, Sportsfields, Swimming Centres, Surf Patrol, Parklands, Beaches, Lake Illawarra, Public Halls, Neighbourhood & Community Centres, Libraries & Museum, Myimbarr and Tree Management.

##### **ECONOMY**

Roads, Street Lighting, Property Development, Council Business Activities and Economic Development.

##### **ORGANISATION**

Administration and Other Support Systems.

## Shellharbour City Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 3. Income from continuing operations

\$ '000	Actual 2017	Actual 2016
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	36,242	32,161
Farmland	321	316
Business	5,339	4,873
<b>Total ordinary rates</b>	<b>41,902</b>	<b>37,350</b>
<b>Special rates</b>		
Nil		
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	12,588	11,236
Stormwater management services	608	602
Waste management services (non-domestic)	315	267
Section 611 charges	42	297
<b>Total annual charges</b>	<b>13,553</b>	<b>12,402</b>
<b><u>TOTAL RATES AND ANNUAL CHARGES</u></b>	<b><u>55,455</u></b>	<b><u>49,752</u></b>

Council has used 2015 year valuations provided by the NSW Valuer General in calculating its rates.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 3. Income from continuing operations (continued)

\$ '000	Actual 2017	Actual 2016
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Waste management services (non-domestic)	11,987	16,091
<b>Total user charges</b>	<b>11,987</b>	<b>16,091</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building control	203	169
Certificate registration	100	96
Development applications	990	805
Inspection services	119	97
Private works – section 67	40	195
Section 149 certificates (EPA Act)	199	176
Section 603 certificates	120	114
Subdivision	516	431
<b>Total fees and charges – statutory/regulatory</b>	<b>2,287</b>	<b>2,083</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Airport	122	138
Animal control	77	63
Caravan park	1,598	1,564
Cemeteries	269	290
Fire and emergency services levy (FESL) implementation	116	–
Community transport	–	96
Golf course	3,060	2,674
Library	39	41
Nursery	364	310
Recycling	–	32
RMS (formerly RTA) charges (state roads not controlled by Council)	106	247
Sand/soil sales	–	3
Shell Cove maintenance	4	8
Shellharbour city stadium	348	292
Sportsfields	260	235
Swimming pools	362	348
Other	524	520
<b>Total fees and charges – other</b>	<b>7,249</b>	<b>6,861</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>21,523</b>	<b>25,035</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
<b>(c) Interest and investment revenue (including losses)</b>			
<b>Interest</b>			
– Interest on overdue rates and annual charges (incl. special purpose rates)		168	148
– Interest earned on investments (interest and coupon payment income)		2,743	3,017
<b>Fair value adjustments</b>			
– Fair valuation movements in investments (at fair value or held for trading)		419	108
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>		<b>3,330</b>	<b>3,273</b>
<b>Interest revenue is attributable to:</b>			
<b>Unrestricted investments/financial assets:</b>			
Overdue rates and annual charges (general fund)		168	148
General Council cash and investments		2,185	1,710
<b>Restricted investments/funds – external:</b>			
Development contributions			
– Section 94		945	1,398
– Voluntary Planning Agreement		32	17
<b>Total interest and investment revenue recognised</b>		<b>3,330</b>	<b>3,273</b>
<b>(d) Other revenues</b>			
Fair value increments – investment properties	14	–	2,979
Rental income – investment properties	14	343	375
Rental income – other council properties		483	600
Fines		306	257
Commissions and agency fees		712	83
Gaming machines		384	145
Motor vehicle contributions		236	218
Other charges – rates and charges		312	289
Performance payment		94	60
Other		164	328
<b>TOTAL OTHER REVENUE</b>		<b>3,034</b>	<b>5,334</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
Financial assistance – general component	1 6,095	3,907	–	–
Financial assistance – local roads component	1 1,255	827	–	–
Pensioners' rates subsidies – general component	595	617	–	–
<b>Total general purpose</b>	<b>7,945</b>	<b>5,351</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Domestic waste management	210	186	–	–
Community services	(61)	395	–	–
Employment / business schemes	27	12	–	–
Environmental	402	707	820	370
Library	178	174	–	200
LIRS subsidy	82	92	–	–
NSW rural fire services	–	–	40	–
RMS – better boating program	–	–	188	162
Street lighting	164	161	–	–
Transport (roads to recovery)	549	1,197	–	–
Transport (other roads and bridges funding)	94	103	75	237
Other	–	–	200	3
<b>Total specific purpose</b>	<b>1,645</b>	<b>3,027</b>	<b>1,323</b>	<b>972</b>
<b>Total grants</b>	<b>9,590</b>	<b>8,378</b>	<b>1,323</b>	<b>972</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	7,948	6,009	–	–
– State funding	1,642	2,369	1,323	972
	<b>9,590</b>	<b>8,378</b>	<b>1,323</b>	<b>972</b>

<sup>1</sup> Council received 50% of its Financial Assistance Grant for YE 17/18 in advance totalling \$2,502,400

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 3. Income from continuing operations (continued)

\$ '000	2017 Operating	2016 Operating	2017 Capital	2016 Capital
<b>(f) Contributions</b>				
<b>Developer contributions:</b>				
<b>(s93 &amp; s94 – EP&amp;A Act, s64 of the LGA):</b>				
S 93F – contributions using planning agreements	–	–	580	286
Open space	–	–	3,102	1,258
Community facilities	–	–	1,815	1,356
Drainage	–	–	–	197
Roadworks	–	–	1,087	976
Traffic facilities	–	–	15	11
Other developer contributions	–	–	390	322
<b>Total developer contributions</b>	<b>–</b>	<b>–</b>	<b>6,989</b>	<b>4,406</b>
<b>Other contributions:</b>				
Drainage	–	–	3,491	3,116
Employment / business schemes	47	47	–	–
Kerb and gutter	–	–	1,191	–
Land under roads	–	–	5,037	1,123
NSW rural fire services	292	247	–	637
Paving	–	–	1,334	42
Roads	–	–	3,296	511
RMS contributions (regional roads, block grant)	161	158	46	34
Sport and recreation	3	17	280	106
Other	28	58	1,720	341
<b>Total other contributions</b>	<b>531</b>	<b>527</b>	<b>16,395</b>	<b>5,910</b>
<b>Total contributions</b>	<b>531</b>	<b>527</b>	<b>23,384</b>	<b>10,316</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>	<b>10,121</b>	<b>8,905</b>	<b>24,707</b>	<b>11,288</b>

\$ '000	Actual 2017	Actual 2016
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**(g) Unspent grants and contributions****Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the close of the previous reporting period	39,767	42,436
<b>Add:</b> grants and contributions recognised in the current period but not yet spent:	9,248	8,039
<b>Add:</b> grants and contributions received for the provision of goods and services in a future period	2,502	–
<b>Less:</b> grants and contributions recognised in a previous reporting period now spent:	(15,863)	(10,708)
<b>Net increase (decrease) in restricted assets during the period</b>	<b>(4,113)</b>	<b>(2,669)</b>
<b>Unexpended and held as restricted assets</b>	<b>35,654</b>	<b>39,767</b>
<b>Comprising:</b>		
– Specific purpose unexpended grants	4,420	4,829
– Developer contributions	30,700	34,451
– Other contributions	534	487
	<b>35,654</b>	<b>39,767</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 4. Expenses from continuing operations

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		24,211	23,853
Employee leave entitlements (ELE)		3,972	4,494
Superannuation		2,897	3,013
Workers' compensation insurance		1,098	1,075
Fringe benefit tax (FBT)		262	328
Training costs (other than salaries and wages)		365	307
Other		175	165
<b>Total employee costs</b>		<b>32,980</b>	<b>33,235</b>
Less: capitalised costs		(1,811)	(1,604)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>31,169</b>	<b>31,631</b>
<b>(b) Borrowing costs</b>			
<b>(i) Interest bearing liability costs</b>			
Interest on loans		204	188
<b>Total interest bearing liability costs expensed</b>		<b>204</b>	<b>188</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	26	297	291
<b>Total other borrowing costs</b>		<b>297</b>	<b>291</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>501</b>	<b>479</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 4. Expenses from continuing operations (continued)

\$ '000	Actual 2017	Actual 2016
<b>(c) Materials and contracts</b>		
Raw materials and consumables	8,655	9,180
Contractor and consultancy costs	11,988	9,743
Auditors remuneration <sup>(1)</sup>	77	65
Legal expenses:		
– Legal expenses: planning and development	110	37
– Legal expenses: other	649	664
Operating leases:		
– Operating lease rentals: minimum lease payments <sup>(2)</sup>	1,459	344
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>22,938</u></b>	<b><u>20,033</u></b>
<b>1. Auditor remuneration</b>		
a. During the year, the following fees were incurred for services provided by the Auditor-General:		
<b>Audit and other assurance services</b>		
– Audit and review of financial statements: Auditor-General	77	–
<b>Remuneration for audit and other assurance services</b>	<b>77</b>	<b>–</b>
<b>Total Auditor-General remuneration</b>	<b>77</b>	<b>–</b>
b. During the year, the following fees were incurred for services provided by the other Council's Auditors:		
<b>Audit and other assurance services</b>		
– Audit and review of financial statements: Council's Auditor	–	65
<b>Remuneration for audit and other assurance services</b>	<b>–</b>	<b>65</b>
<b>Total remuneration of other Council's Auditors</b>	<b>–</b>	<b>65</b>
<b>Total Auditor remuneration</b>	<b>77</b>	<b>65</b>
<b>2. Operating lease payments are attributable to:</b>		
Buildings	696	–
Motor vehicles	443	–
Computer hardware / photocopiers	236	260
Golf carts	84	84
	<b>1,459</b>	<b>344</b>

## Shellharbour City Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	Actual 2017	Actual 2016
<b>(d) Depreciation, amortisation and impairment</b>			
Plant and equipment		1,433	1,930
Office equipment		153	273
Furniture and fittings		78	82
Land improvements (depreciable)		300	283
Infrastructure:			
– Buildings – non-specialised		1,502	1,530
– Buildings – specialised		1,317	1,345
– Other structures		90	83
– Roads		3,017	2,797
– Bridges		132	122
– Footpaths		610	595
– Stormwater drainage		2,108	2,053
– Swimming pools		201	200
– Other open space/recreational assets		485	455
– Other infrastructure		109	95
Other assets			
– Library books		245	198
– Other		379	361
Asset reinstatement costs	9 & 26	417	416
Intangible assets	25	830	597
<b>Total depreciation and amortisation costs</b>		<b>13,406</b>	<b>13,415</b>
<b>Impairment</b>			
Nil			
<b><u>TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED</u></b>		<b><u>13,406</u></b>	<b><u>13,415</u></b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 4. Expenses from continuing operations (continued)

\$ '000	Actual 2017	Actual 2016
<b>(e) Other expenses</b>		
Advertising	341	289
Agency fees	334	298
Bad and doubtful debts	23	41
Computer maintenance	800	1,003
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	996	970
– Government taxes	161	83
– Waste levy	7,390	8,690
Cost of sales	1,241	1,064
Councillor expenses – mayoral fee	41	40
Councillor expenses – councillors' fees	132	129
Councillors' expenses (incl. mayor) – other (excluding fees above)	66	54
Donations, contributions and assistance to other organisations	656	1,449
Electricity and gas	570	562
Fire and emergency services levy (FESL) implementation costs	14	–
Financial investing advice	36	36
Hiring charges	–	26
Insurance	594	595
Investigation and promotion	15	34
Memberships, subscriptions and publications	332	289
Postage	170	159
Software	265	274
Street lighting	1,102	1,059
Telephone and communications	410	377
Valuation fees	219	234
Water rates	274	276
Other	473	667
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>16,655</u></b>	<b><u>18,698</u></b>

## Note 5. Gains or losses from the disposal of assets

<b>Infrastructure, property, plant and equipment</b>		
Proceeds from disposal – plant and equipment	6,922	4,919
Less: carrying amount of plant and equipment assets sold/written off	(2,657)	(1,279)
<b>Net gain/(loss) on disposal</b>	<b><u>4,265</u></b>	<b><u>3,640</u></b>
<b>Non-current assets classified as 'held for sale'</b>		
Proceeds from disposal – non-current assets 'held for sale'	8,000	923
Less: carrying amount of 'held for sale' assets sold/written off	(8,609)	(476)
<b>Net gain/(loss) on disposal</b>	<b><u>(609)</u></b>	<b><u>447</u></b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>	<b><u>3,656</u></b>	<b><u>4,087</u></b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 6a. – Cash assets and Note 6b. – investments

\$ '000	Notes	2017	2017	2016	2016
		Actual Current	Actual Non-current	Actual Current	Actual Non-current
<b>Cash and cash equivalents (Note 6a)</b>					
Cash on hand and at bank		5,580	–	1,253	–
Cash-equivalent assets <sup>1</sup>					
– Deposits at call		11,065	–	2,059	–
– Managed funds		298	–	290	–
<b>Total cash and cash equivalents</b>		<b>16,943</b>	<b>–</b>	<b>3,602</b>	<b>–</b>
<b>Investments (Note 6b)</b>					
– Managed funds		5,261	–	4,983	–
– Long term deposits		23,960	26,315	35,950	27,455
– FRN's (with maturities > 3 months)		15,197	–	15,071	–
<b>Total investments</b>		<b>44,418</b>	<b>26,315</b>	<b>56,004</b>	<b>27,455</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>		<b>61,361</b>	<b>26,315</b>	<b>59,606</b>	<b>27,455</b>

<sup>1</sup> Those investments where time to maturity (from date of purchase) is < 3 mths.

**Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:**

**Cash and cash equivalents**

a. 'At fair value through the profit and loss'	<b>16,943</b>	<b>–</b>	<b>3,602</b>	<b>–</b>
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**Investments**

a. 'At fair value through the profit and loss'				
– 'Held for trading'	20,458	–	20,054	–
b. 'Held to maturity'	23,960	26,315	35,950	27,455
<b>Investments</b>	<b>44,418</b>	<b>26,315</b>	<b>56,004</b>	<b>27,455</b>

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 6c. Restricted cash, cash equivalents and investments – details

\$ '000	2017	2017	2016	2016
	Actual Current	Actual Non-current	Actual Current	Actual Non-current
Total cash, cash equivalents and investments	61,361	26,315	59,606	27,455
<b>attributable to:</b>				
External restrictions (refer below)	31,428	26,315	29,415	27,455
Internal restrictions (refer below)	20,858	–	25,306	–
Unrestricted	9,075	–	4,885	–
	<b>61,361</b>	<b>26,315</b>	<b>59,606</b>	<b>27,455</b>

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
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## Details of restrictions

**External restrictions – included in liabilities**

Specific purpose unexpended loans – general (A)	1,000	14,597	(2,431)	13,166
<b>External restrictions – included in liabilities</b>	<b>1,000</b>	<b>14,597</b>	<b>(2,431)</b>	<b>13,166</b>

**External restrictions – other**

Developer contributions – general (B)	34,451	6,421	(10,172)	30,700
Specific purpose unexpended grants (C)	4,829	10,928	(11,336)	4,420
Domestic waste management (D)	15,376	13,270	(19,897)	8,749
Stormwater management (D)	727	607	(1,160)	174
Other contributions	487	967	(920)	534
<b>External restrictions – other</b>	<b>55,870</b>	<b>32,193</b>	<b>(43,485)</b>	<b>44,577</b>
<b>Total external restrictions</b>	<b>56,870</b>	<b>46,790</b>	<b>(45,916)</b>	<b>57,743</b>

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))
- D** Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Shellharbour City Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 6c. Restricted cash, cash equivalents and investments – details (continued)

2017 \$ '000	Opening balance	Transfers to restrictions	Transfers from restrictions	Closing balance
<b>Internal restrictions</b>				
Employees leave entitlement	4,096	4,759	(4,190)	4,665
Capital carry over works	3,049	9,102	(9,708)	2,443
Airport building	1,218	–	(109)	1,109
Capital development and investment fund	135	89	–	224
Carbon price	1,221	–	(1,221)	–
Crown reserve	1	1,615	(1,537)	79
Interest on investments	53	778	(41)	790
Operational carry over works	8,408	16,384	(17,072)	7,720
Road land acquisition / roadworks	475	–	(405)	70
Sandmine	336	–	(136)	200
Section 94 funds – Council	2,329	346	(1,625)	1,050
Other	3,985	14,979	(16,456)	2,508
<b>Total internal restrictions</b>	<b>25,306</b>	<b>48,052</b>	<b>(52,500)</b>	<b>20,858</b>
<b>TOTAL RESTRICTIONS</b>	<b>82,176</b>	<b>94,842</b>	<b>(98,416)</b>	<b>78,601</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 7. Receivables

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Rates and annual charges	1,316	966	1,079	939
Interest and extra charges	232	171	210	183
User charges and fees	1,290	–	2,241	–
Accrued revenues				
– Interest on investments	1,192	–	1,655	–
GST receivable	1,376	–	795	–
Other debtors	418	–	465	–
<b>Total</b>	<b>5,824</b>	<b>1,137</b>	<b>6,445</b>	<b>1,122</b>
<b>Less: provision for impairment</b>				
User charges and fees	–	–	(32)	–
<b>Total provision for impairment – receivables</b>	<b>–</b>	<b>–</b>	<b>(32)</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>5,824</b>	<b>1,137</b>	<b>6,413</b>	<b>1,122</b>
<b>Externally restricted receivables</b>				
Domestic waste management	520	–	466	–
Stormwater management	29	–	29	–
<b>Total external restrictions</b>	<b>549</b>	<b>–</b>	<b>495</b>	<b>–</b>
<b>Internally restricted receivables</b>				
Nil				
<b>Unrestricted receivables</b>	<b>5,275</b>	<b>1,137</b>	<b>5,918</b>	<b>1,122</b>
<b>TOTAL NET RECEIVABLES</b>	<b>5,824</b>	<b>1,137</b>	<b>6,413</b>	<b>1,122</b>

**Notes on debtors above:**

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.00% (2016 8.50%).  
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

## Shellharbour City Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 8. Inventories and other assets

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>(i) Inventories at cost</b>				
Real estate for resale (refer below)	775	–	1,164	–
Stores and materials	424	–	408	–
Trading stock	320	–	301	–
<b>Total inventories at cost</b>	<b>1,519</b>	<b>–</b>	<b>1,873</b>	<b>–</b>
<b>(ii) Inventories at net realisable value (NRV)</b>				
Nil				
<b><u>TOTAL INVENTORIES</u></b>	<b><u>1,519</u></b>	<b><u>–</u></b>	<b><u>1,873</u></b>	<b><u>–</u></b>
<b>(b) Other assets</b>				
Prepayments	212	–	155	–
Shell Cove associate *	408	–	408	–
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>620</u></b>	<b><u>–</u></b>	<b><u>563</u></b>	<b><u>–</u></b>

\*This represents Council's contribution in the Shell Cove associate - refer Note 19 for further information.

**Externally restricted assets**

There are no restrictions applicable to the above assets.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 8. Inventories and other assets (continued)

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
<b>Other disclosures</b>				
<b>(a) Details for real estate development</b>				
Residential	775	–	1,164	–
<b>Total real estate for resale</b>	<b>775</b>	<b>–</b>	<b>1,164</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	775	–	1,164	–
<b>Total costs</b>	<b>775</b>	<b>–</b>	<b>1,164</b>	<b>–</b>
<b>Total real estate for resale</b>	<b>775</b>	<b>–</b>	<b>1,164</b>	<b>–</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	1,164	–	1,553	–
Less carrying amount asset sold/written off <sup>5</sup>	(389)	–	(389)	–
<b>Total real estate for resale</b>	<b>775</b>	<b>–</b>	<b>1,164</b>	<b>–</b>
<b>(b) Current assets not anticipated to be settled within the next 12 months</b>				
The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;				
			2017	2016
Shell Cove Associate			408	408
			<b>408</b>	<b>408</b>

**(c) Inventory write downs**

There were no amounts recognised as an expense relating to the write down of inventory balances held during the year.

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 9a. Infrastructure, property, plant and equipment

Asset class	as at 30/6/2016			Asset movements during the reporting period					as at 30/6/2017		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>											
Capital work in progress	21,177	–	21,177	–	–	–	–	48,092	69,269	–	69,269
Plant and equipment	18,362	12,945	5,417	1,081	109	(1,572)	(1,433)	–	14,533	10,931	3,602
Office equipment	3,095	2,700	395	–	–	(27)	(153)	–	2,987	2,772	215
Furniture and fittings	1,602	1,122	480	86	–	(93)	(78)	–	946	551	395
<b>Land:</b>											
– Operational land	48,334	–	48,334	–	604	(136)	–	–	48,802	–	48,802
– Community land	131,944	–	131,944	–	3,265	–	–	–	135,209	–	135,209
– Land under roads (post 30/6/08)	8,610	–	8,610	–	5,037	–	–	–	13,647	–	13,647
Land improvements – depreciable	13,705	3,586	10,119	976	–	–	(300)	–	14,681	3,886	10,795
<b>Infrastructure:</b>											
– Buildings – non-specialised	50,811	23,018	27,793	303	20	–	(1,502)	–	51,135	24,521	26,614
– Buildings – specialised	48,407	23,777	24,630	132	263	–	(1,317)	–	48,740	25,032	23,708
– Other structures	1,736	804	932	665	27	(3)	(90)	–	2,420	889	1,531
– Roads	183,095	38,513	144,582	3,432	2,882	(436)	(3,017)	–	187,264	39,821	147,443
– Bridges	10,421	2,934	7,487	–	621	–	(132)	–	11,042	3,066	7,976
– Footpaths	47,427	12,428	34,999	187	1,463	–	(610)	–	49,078	13,039	36,039
– Stormwater drainage	240,732	73,173	167,559	1,053	5,560	–	(2,108)	–	247,344	75,280	172,064
– Swimming pools	8,009	4,625	3,384	–	–	–	(201)	–	8,009	4,826	3,183
– Other open space/recreational assets	12,554	6,126	6,428	460	207	–	(485)	–	13,221	6,611	6,610
– Other infrastructure	7,008	780	6,228	608	–	–	(109)	–	7,616	889	6,727
<b>Other assets:</b>											
– Library books	8,930	8,177	753	–	270	–	(245)	–	9,200	8,422	778
– Other	2,789	1,070	1,719	8	180	(1)	(379)	–	2,975	1,448	1,527
<b>Reinstatement, rehabilitation and restoration assets (refer Note 26):</b>											
– Waste depot/sandmine asset	10,097	3,019	7,078	–	–	–	(417)	–	10,097	3,436	6,661
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>878,845</b>	<b>218,797</b>	<b>660,048</b>	<b>8,991</b>	<b>20,508</b>	<b>(2,268)</b>	<b>(12,576)</b>	<b>48,092</b>	<b>948,215</b>	<b>225,420</b>	<b>722,795</b>

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

## Shellharbour City Council

Notes to the Financial Statements  
for the year ended 30 June 2017

## Note 9b. Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	Actual 2017			Actual 2016		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Domestic waste management</b>						
Plant and equipment	3,661	3,245	416	3,507	3,085	422
Land						
– Operational land	1,706	–	1,706	1,706	–	1,706
<b>Total DWM</b>	<b>5,367</b>	<b>3,245</b>	<b>2,122</b>	<b>5,213</b>	<b>3,085</b>	<b>2,128</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>5,367</b>	<b>3,245</b>	<b>2,122</b>	<b>5,213</b>	<b>3,085</b>	<b>2,128</b>

## Note 9c. Infrastructure, property, plant and equipment – current year impairments

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Council has recognised no impairment losses during the reporting period nor reversed any prior period losses.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 10a. Payables, borrowings and provisions

\$ '000	Notes	2017		2016	
		Current	Non-current	Current	Non-current
<b>Payables</b>					
Goods and services – operating expenditure		3,748	–	2,246	–
Accrued expenses:					
– Salaries and wages		–	–	249	–
– Other expenditure accruals		4,122	–	4,386	–
Security bonds, deposits and retentions		1,145	–	876	–
ATO – GST payable		198	–	175	–
Other		62	–	110	–
<b>Total payables</b>		<b>9,275</b>	<b>–</b>	<b>8,042</b>	<b>–</b>
<b>Income received in advance</b>					
Payments received in advance		1,695	–	1,717	–
<b>Total income received in advance</b>		<b>1,695</b>	<b>–</b>	<b>1,717</b>	<b>–</b>
<b>Borrowings</b>					
Loans – secured <sup>1</sup>		1,251	16,697	466	3,521
<b>Total borrowings</b>		<b>1,251</b>	<b>16,697</b>	<b>466</b>	<b>3,521</b>
<b>Provisions</b>					
<b>Employee benefits:</b>					
Annual leave		2,248	–	2,175	–
Sick leave		3,983	–	3,676	–
Long service leave		5,380	342	5,198	366
Other leave		557	–	553	–
ELE on-costs		884	24	840	26
Sub-total – aggregate employee benefits		<b>13,052</b>	<b>366</b>	<b>12,442</b>	<b>392</b>
Asset remediation/restoration (future works)	26	–	15,145	–	14,848
<b>Total provisions</b>		<b>13,052</b>	<b>15,511</b>	<b>12,442</b>	<b>15,240</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>					
		<b>25,273</b>	<b>32,208</b>	<b>22,667</b>	<b>18,761</b>
<b>(i) Liabilities relating to restricted assets</b>					
		2017		2016	
		Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>					
Domestic waste management		379	2,908	301	2,740
Liabilities relating to externally restricted assets		379	2,908	301	2,740
<b>Internally restricted assets</b>					
Crown land		100	740	100	840
Employee Benefit Provisions		4,665	–	4,096	–
Liabilities relating to internally restricted assets		4,765	740	4,196	840
<b>Total liabilities relating to restricted assets</b>		<b>5,144</b>	<b>3,648</b>	<b>4,497</b>	<b>3,580</b>
<b>Total liabilities relating to unrestricted assets</b>		<b>20,129</b>	<b>28,560</b>	<b>18,170</b>	<b>15,181</b>
<b>TOTAL PAYABLES, BORROWINGS AND PROVISIONS</b>		<b>25,273</b>	<b>32,208</b>	<b>22,667</b>	<b>18,761</b>

<sup>1</sup> Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 15.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 10a. Payables, borrowings and provisions (continued)

\$ '000	Actual 2017	Actual 2016
<b>(ii) Current liabilities not anticipated to be settled within the next twelve months</b>		
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	8,656	6,976
Payables – security bonds, deposits and retentions	856	672
	<u>9,512</u>	<u>7,648</u>

## Note 10b. Description of and movements in provisions

Class of provision	2016		2017			
	Opening balance as at 1/7/16	Additional provisions	Decrease due to payments	Remeasurement effects due to discounting	Unused amounts reversed	Closing balance as at 30/6/17
Asset remediation	14,848	297	–	–	–	15,145
<b>TOTAL</b>	<b>14,848</b>	<b>297</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>15,145</b>

- a. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 11. Statement of cash flows – additional information

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	16,943	3,602
Less bank overdraft	10	–	–
<b>Balance as per the Statement of Cash Flows</b>		<b>16,943</b>	<b>3,602</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>37,243</b>	<b>23,447</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		13,406	13,415
Net losses/(gains) on disposal of assets		(3,656)	(4,087)
Non-cash capital grants and contributions		(17,844)	(5,271)
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		(419)	(108)
– Investment properties		–	(2,979)
Unwinding of discount rates on reinstatement provisions		297	291
Share of net (profits) or losses of associates/joint ventures		(86)	(29)
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		606	(822)
Increase/(decrease) in provision for doubtful debts		(32)	14
Decrease/(increase) in inventories		(35)	(77)
Decrease/(increase) in other assets		(57)	8
Increase/(decrease) in payables		1,502	768
Increase/(decrease) in other accrued expenses payable		(513)	2,218
Increase/(decrease) in other liabilities		222	(108)
Increase/(decrease) in employee leave entitlements		584	674
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>31,218</b>	<b>27,354</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 11. Statement of cash flows – additional information (continued)

\$ '000	Actual 2017	Actual 2016
<b>(c) Non-cash investing and financing activities</b>		
Roadworks	3,296	511
Drainage	3,491	3,116
Land under roads	5,037	1,123
Other non-cash items	4,475	489
Other non-cash items – S93 S94	1,545	32
<b>Total non-cash investing and financing activities</b>	<b>17,844</b>	<b>5,271</b>
<b>(d) Financing arrangements</b>		
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>		
Bank overdraft facilities <sup>(1)</sup>	1,000	1,000
Credit cards/purchase cards	300	300
<b>Total financing arrangements</b>	<b>1,300</b>	<b>1,300</b>

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are interest rates on loans and other payables are disclosed in Note 15.

**(ii) Secured loan liabilities**

Loans are secured by a mortgage over future years rate revenue only.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 12. Commitments for expenditure

\$ '000	Actual 2017	Actual 2016
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Buildings	15,070	50,138
Other	777	976
<b>Total commitments</b>	<b>15,847</b>	<b>51,114</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	15,847	51,114
<b>Total payable</b>	<b>15,847</b>	<b>51,114</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	15,847	51,114
<b>Total sources of funding</b>	<b>15,847</b>	<b>51,114</b>

#### Details of capital commitments

Council is committed to completing works on the Civic Centre, SES Control Centre and Lifeguard Amenities at Beverly Whitfield Pool. Other commitments include lighting upgrades, completion of the Resource Recovery redevelopment and other works at Dunmore Waste Depot.

#### (b) Finance lease commitments

Nil

#### (c) Operating lease commitments (non-cancellable)

##### a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:

Within the next year	2,072	335
Later than one year and not later than 5 years	2,326	262
Later than 5 years	–	–
<b>Total non-cancellable operating lease commitments</b>	<b>4,398</b>	<b>597</b>

##### b. Non-cancellable operating leases include the following assets:

Buildings - relates to 2 buildings for the purposes of administration and a branch library

Motor vehicles - lease of vehicles for Council's fleet purposes

Computer Hardware/Photocopiers - for the provision of various computer hardware including desktops, scanners and photocopiers

Golf carts - the provision of golf carts for use on the Council run golf course

The above leases have various terms ranging up to a maximum of three years.

##### Conditions relating to operating leases:

– All operating lease agreements are secured only against the leased asset.

– No lease agreements impose any financial restrictions on Council regarding future debt etc.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 13a(i). Statement of performance measurement – indicators (consolidated)

\$ '000	Amounts 2017	Indicator 2017	Prior periods		Benchmark
			2016	2015	
<b>Local government industry indicators – consolidated</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>8,375</u>	<b>9.00%</b>	5.56%	-6.85%	>0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>93,044</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>82,923</u>	<b>70.42%</b>	79.91%	71.26%	>60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>117,751</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>(2)</sup>	<u>38,097</u>	<b>2.48x</b>	3.25x	3.45x	>1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>15,382</u>				
<b>4. Debt service cover ratio</b>					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>22,282</u>	<b>19.60x</b>	21.28x	14.35x	>2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>1,137</u>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<u>2,685</u>	<b>4.60%</b>	4.61%	4.60%	< 5% Metro
Rates, annual and extra charges collectible	<u>58,346</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>67,218</u>	<b>11.15 mths</b>	11.6 mths	14.2 mths	> 3 mths
Payments from cash flow of operating and financing activities	<u>6,030</u>				

## Notes

(1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

(2) Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

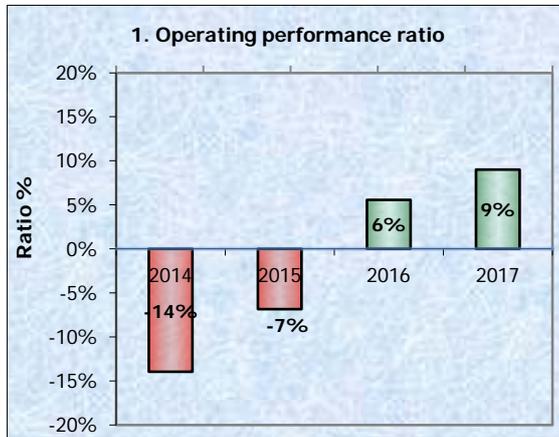
(3) Refer to Note 10(a).

(4) Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 13a(ii). Local government industry indicators – graphs (consolidated)



**Purpose of operating performance ratio**

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

**Commentary on 2016/17 result**

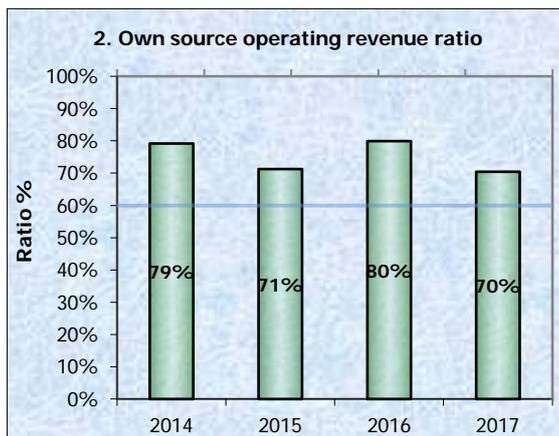
**2016/17 ratio 9.00%**

Council's result for this key Fit for the Future ratio has again improved in 2016/17. Council continues to work through initiatives from its Fit for the Future improvement plan resulting in further productivity efficiencies across the organisation. The result has also been artificially inflated due to the advanced payments of 2 quarterly instalments of the 2017/18 Financial Assistance Grant. This has added approximately 2.5% to the result.

Benchmark: ——— Minimum  $\geq 0.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of own source operating revenue ratio**

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

**Commentary on 2016/17 result**

**2016/17 ratio 70.42%**

Council continues to remain well above the industry benchmark for this indicator confirming that Council does not rely heavily on external funding sources. The slight drop in the result from last year can be attributed to the partial advanced payment of the Financial Assistance Grant.

Benchmark: ——— Minimum  $\geq 60.00\%$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of unrestricted current ratio**

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

**Commentary on 2016/17 result**

**2016/17 ratio 2.48x**

This ratio which measures Council's ability to meet obligations in the short term, continues to be well above the minimum benchmark of 1.5.

Benchmark: ——— Minimum  $\geq 1.50$

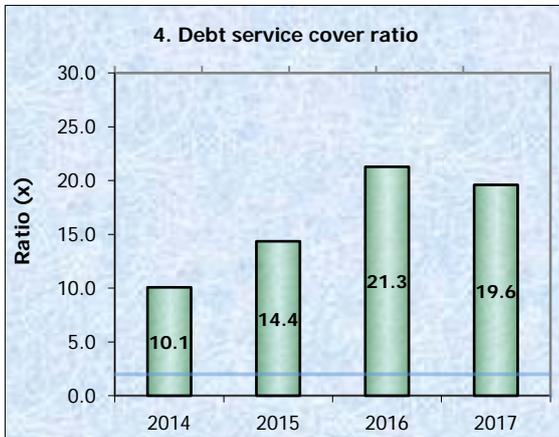
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

 Ratio achieves benchmark  
 Ratio is outside benchmark

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 13a(ii). Local government industry indicators – graphs (consolidated)



**Purpose of debt service cover ratio**

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

**Commentary on 2016/17 result**

**2016/17 ratio 19.60x**

Despite Council's level of borrowings increasing significantly in 2016/17, the Debt Service Cover Ratio still remains significantly above the minimum benchmark level.

Benchmark: Minimum  $\geq 2.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
 Ratio is outside benchmark



**Purpose of rates and annual charges outstanding ratio**

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

**Commentary on 2016/17 result**

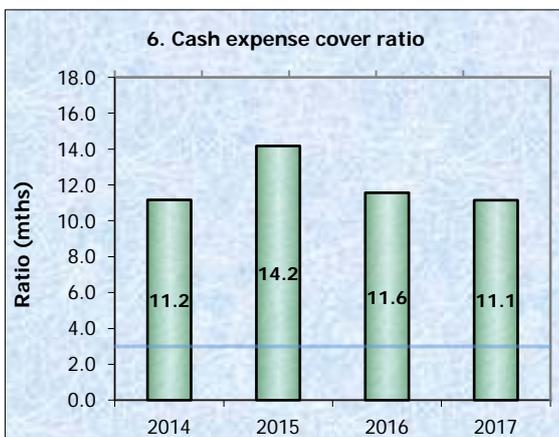
**2016/17 ratio 4.60%**

The result for this ratio has remained at a similar level to last year, which is below the suggested maximum benchmark for this indicator. This confirms the effectiveness of Council's recovery efforts.

Benchmark: Maximum  $< 5.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio is within Benchmark  
 Ratio is outside Benchmark



**Purpose of cash expense cover ratio**

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

**Commentary on 2016/17 result**

**2016/17 ratio 11.15 mths**

Council's liquidity position is a comfortable one as highlighted by the result of this ratio, which is nearly four times above the minimum benchmark.

Benchmark: Minimum  $\geq 3.00$

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
 Ratio is outside benchmark

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 14. Investment properties

\$ '000	Actual 2017	Actual 2016
<b>(a) Investment properties at fair value</b>		
<u>Investment properties on hand</u>	<u>19,426</u>	<u>19,320</u>
<b>Reconciliation of annual movement:</b>		
Opening balance	19,320	16,341
– Capitalised expenditure – this year	106	–
– Net gain/(loss) from fair value adjustments	–	2,979
<b>CLOSING BALANCE – INVESTMENT PROPERTIES</b>	<b><u>19,426</u></b>	<b><u>19,320</u></b>
<b>(b) Valuation basis</b>		
<p>The basis of valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in arms length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.</p> <p>The 2016 revaluations were based on independent assessments made by: Scott Fullarton Valuations Pty Ltd. Registered Valuer No.2144</p>		
<b>(c) Leasing arrangements – Council as lessor</b>		
Details of leased investment properties are as follows;		
<p>Future minimum lease payments receivable under non-cancellable investment property operating leases not recognised in the financial statements are receivable as follows:</p>		
Within 1 year	402	214
Later than 1 year but less than 5 years	1,401	553
Later than 5 years	2,068	1,063
<b>Total minimum lease payments receivable</b>	<b><u>3,871</u></b>	<b><u>1,830</u></b>
<b>(d) Investment property income and expenditure – summary</b>		
<b>Rental income from investment properties:</b>		
– Minimum lease payments	343	375
<b>Direct operating expenses on investment properties:</b>		
– that generated rental income	(309)	(344)
<b>Net revenue contribution from investment properties</b>	<b><u>34</u></b>	<b><u>31</u></b>
plus:		
<b>Fair value movement for year</b>	<b><u>–</u></b>	<b><u>2,979</u></b>
<b>Total income attributable to investment properties</b>	<b><u>34</u></b>	<b><u>3,010</u></b>

Refer to Note 27. Fair value measurement for information regarding the fair value of investment properties held.

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 15. Financial risk management

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\$ '000

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##### Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

The fair value of Council's financial assets and financial liabilities approximates their carrying amount.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Minister's investment order. This policy is regularly reviewed by Council and it's staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and having limits on credit quality and quality and counterparty exposure.

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

#### (a) Market risk – price risk and interest rate risk

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
<b>2017</b>				
Possible impact of a 10% movement in market values	2,046	2,046	(2,046)	(2,046)
Possible impact of a 1% movement in interest rates	877	877	(877)	(877)
<b>2016</b>				
Possible impact of a 10% movement in market values	2,005	2,005	(2,005)	(2,005)
Possible impact of a 1% movement in interest rates	871	871	(871)	(871)

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

##### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages the payment of debt.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is monitored on a monthly basis and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of Council's receivables credit risk at balance date follows:

	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	0%	79%	0%	78%
Overdue	100%	21%	100%	22%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

##### (ii) Ageing of receivables – value

Rates and annual charges	Other receivables	2017 Rates and annual charges	2017 Other receivables	2016 Rates and annual charges	2016 Other receivables
Current	Current	–	3,684	–	4,304
< 1 year overdue	0 – 30 days overdue	–	426	–	650
1 – 2 years overdue	31 – 60 days overdue	–	77	–	90
2 – 5 years overdue	> 60 days overdue	–	492	–	505
		<b>–</b>	<b>4,679</b>	<b>–</b>	<b>5,549</b>

##### (iii) Movement in provision for impairment of receivables

	2017	2016
Balance at the beginning of the year	32	18
+ new provisions recognised during the year	–	41
– amounts already provided for and written off this year	(8)	(27)
– amounts provided for but recovered during the year	(24)	–
<b>Balance at the end of the year</b>	<b>–</b>	<b>32</b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 15. Financial risk management (continued)

\$ '000

##### (c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Subject to no maturity	payable in:						Total cash outflows	Actual carrying values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
<b>2017</b>									
Trade/other payables	1,145	8,130	–	–	–	–	–	9,275	9,275
Loans and advances	–	1,251	1,299	1,347	1,397	1,257	11,397	17,948	17,948
<b>Total financial liabilities</b>	<b>1,145</b>	<b>9,381</b>	<b>1,299</b>	<b>1,347</b>	<b>1,397</b>	<b>1,257</b>	<b>11,397</b>	<b>27,223</b>	<b>27,223</b>
<b>2016</b>									
Trade/other payables	876	7,166	–	–	–	–	–	8,042	8,042
Loans and advances	–	466	484	504	524	541	1,468	3,987	3,987
<b>Total financial liabilities</b>	<b>876</b>	<b>7,632</b>	<b>484</b>	<b>504</b>	<b>524</b>	<b>541</b>	<b>1,468</b>	<b>12,029</b>	<b>12,029</b>

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities and interest rate structures.

The following interest rates were applicable to Council's borrowings at balance date:

	2017		2016	
	Carrying value	Average interest rate	Carrying value	Average interest rate
Trade/other payables	9,275	0.00%	8,042	0.00%
Loans and advances – fixed interest rate	17,948	4.20%	3,987	4.70%
	<u>27,223</u>		<u>12,029</u>	

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 28 June 2016.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

**Note that for variations\* of budget to actual :**

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

**F** = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2017 Budget	2017 Actual	2017 ----- Variance* -----		
<b>REVENUES</b>					
Rates and annual charges	54,832	55,455	623	1%	<b>F</b>
User charges and fees	23,625	21,523	(2,102)	(9%)	<b>U</b>
Interest and investment revenue	2,094	3,330	1,236	59%	<b>F</b>
The variance can mainly be attributed to delays in some large capital projects which resulted in a higher investment portfolio balance than originally expected.					
Other revenues	3,209	3,034	(175)	(5%)	<b>U</b>
Operating grants and contributions	8,164	10,121	1,957	24%	<b>F</b>
The variance is primarily due to the advanced payment of the first two instalments of the 2017/18 Financial Assistance Grant.					
Capital grants and contributions	11,375	24,707	13,332	117%	<b>F</b>
The variance can be attributed to larger levels of both S94 contributions and assets that have been contributed by developers than was originally anticipated in the budget.					
Net gains from disposal of assets	4,473	3,656	(817)	(18%)	<b>U</b>
The variance can primarily be attributed to the sale of the Lamerton House asset not being included in the original budget.					
Joint ventures and associates - net profits	-	86	86	0%	<b>F</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 16. Material budget variations (continued)

\$ '000	2017 Budget	2017 Actual	2017 Variance*		
<b>EXPENSES</b>					
Employee benefits and on-costs	32,597	31,169	1,428	4%	F
Borrowing costs	515	501	14	3%	F
Materials and contracts	24,873	22,938	1,935	8%	F
Depreciation and amortisation	13,376	13,406	(30)	(0%)	U
Other expenses	16,841	16,655	186	1%	F

## Budget variations relating to Council's Cash Flow Statement include:

<b>Cash flows from operating activities</b>	<b>22,086</b>	<b>31,218</b>	<b>9,132</b>	<b>41.3%</b>	<b>F</b>
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Cash flows from operating activities are higher than budget, due primarily to a combination of more S94 contributions than originally anticipated and the receipt in advance of the first two instalments of the 2017/18 Financial Assistance Grants. Lower than expected expenditure on employee costs and contract costs also has contributed to the variance.

<b>Cash flows from investing activities</b>	<b>(34,697)</b>	<b>(31,836)</b>	<b>2,861</b>	<b>(8.2%)</b>	<b>F</b>
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<b>Cash flows from financing activities</b>	<b>9,797</b>	<b>13,959</b>	<b>4,162</b>	<b>42.5%</b>	<b>F</b>
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Cash flows from financing activities are higher than budget. This is due to a combination of the loan funding component of the Civic Centre being more than originally expected, as well as with the decision to loan fund the purchase of the IT Hardware rather than leasing.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

## SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	2,632	–	–	72	–	–	2,704	–
Roads	3,346	1,087	–	104	(408)	–	4,129	–
Traffic facilities	2,452	15	–	66	(62)	–	2,471	–
Open space	16,143	1,557	1,545	465	(313)	–	17,852	–
Community facilities	8,354	1,815	–	210	(9,130)	–	1,249	–
Other	911	390	–	28	(221)	–	1,108	–
<b>S94 contributions – under a plan</b>	<b>33,838</b>	<b>4,864</b>	<b>1,545</b>	<b>945</b>	<b>(10,134)</b>	–	<b>29,513</b>	–
<b>Total S94 revenue under plans</b>	<b>33,838</b>	<b>4,864</b>	<b>1,545</b>	<b>945</b>	<b>(10,134)</b>	–	<b>29,513</b>	–
S93F planning agreements	613	580	–	32	(38)	–	1,187	–
<b>Total contributions</b>	<b>34,451</b>	<b>5,444</b>	<b>1,545</b>	<b>977</b>	<b>(10,172)</b>	–	<b>30,700</b>	–

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 17. Statement of developer contributions (continued)

\$ '000

## S94 CONTRIBUTIONS – UNDER A PLAN

## CONTRIBUTION PLAN NUMBER 1

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	2,632	–	–	72	–	–	2,704	–
Roads	3,346	1,087	–	104	(408)	–	4,129	–
Traffic facilities	2,452	15	–	66	(62)	–	2,471	–
Open space	16,143	1,557	1,545	465	(313)	–	17,852	–
Community facilities	8,354	1,815	–	210	(9,130)	–	1,249	–
Other	911	390	–	28	(221)	–	1,108	–
<b>Total</b>	<b>33,838</b>	<b>4,864</b>	<b>1,545</b>	<b>945</b>	<b>(10,134)</b>	<b>–</b>	<b>29,513</b>	<b>–</b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's Financial Report.

#### CONTINGENT LIABILITIES:

##### (i) Potential Land Acquisitions due to Planning

Council has classified a number of privately owned land parcels as Local Open Space Reservation under its Urban Local Environment Plan.

As a result, where notified in writing by the various owners, Council will be required to purchase these nine land parcels.

At reporting date, reliable estimates as to the value of any potential liability (and subsequent land asset) from such potential acquisitions has not been possible.

##### (ii) Shell Cove Funding Arrangement

Council has an interest in the Shell Cove project, an entity which is engaged in the development of residential property and associated infrastructure.

The Project's current feasibility study has identified that revenues from the Project may not be enough to fully fund development costs at various stages of the Project.

To address this potential funding shortfall, under signed documentation, the Council's project manager, Australand, has secured a revolving facility to fund any shortfall, with Council as guarantor of the financing if the Project's management agreement is terminated.

The funding facility was originally for an amount up to \$20 million. Council, at its meeting on 25 July 2017, approved an increase to this funding amount up to \$35 million, based on the latest cashflow projections. Project deficits are forecast during the 2017/18 and 2018/19 development periods, with a peak of \$32 million expected in March 2019.

The key risk for Council is the potential liability of \$35 million.

##### (iii) Calderwood Planning Agreement

On 15 September 2014 Council entered into the Calderwood Voluntary Planning Agreement with Lend Lease Communities (Australia) Limited. This Planning Agreement applies to the Calderwood Urban Development Project site which is approximately 700 hectares of land to the west of Albion Park that was classified a State Significant Site in 2011.

Under this Planning Agreement the developer will provide approximately \$20m in monetary contributions toward both local and citywide infrastructure (in lieu of Section 94 Contributions) and deliver onsite infrastructure including a community centre, parks, sportsfields and road upgrades to the value of approximately \$50m.

The development is expected to occur over the next 20-25 years and will significantly increase both the population of the City's West and Council's asset base.

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 18. Contingencies and other assets/liabilities not recognised (continued)

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\$ '000

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##### **LIABILITIES NOT RECOGNISED (continued):**

##### **2. Other liabilities**

##### **(i) S94 plan**

Council levies section 94 contributions upon various development across the Council area through the required contributions plan.

As part of this plan, Council has received funds for which it will be required to expend the monies in accordance with that plan.

As well, the plan indicates proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's general funds.

These future expenses do not yet qualify as liabilities as of the reporting date, but represent Council's intention to spend funds in the manner and timing set out in this plan.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 19. Interests in other entities

\$ '000

Council's objectives can and in some cases are best met through the use of separate entities and operations.

These operations and entities range from 100% ownership and control through to lower levels of ownership and control via co-operative arrangements with other councils, bodies and other outside organisations.

The accounting and reporting for these various entities, operations and arrangements varies in accordance with accounting standards, depending on the level of council's (i) interest and (ii) control and the type (form) of entity/operation, as follows;

##### Controlled entities (subsidiaries)

*Note 19(a)*

Operational arrangements where Council's control (but not necessarily interest) exceeds 50%.

##### Joint ventures and associates

*Note 19(b)*

Joint ventures are operational arrangements where the parties that have joint control have rights to the net assets of the arrangement.

Associates are separate entities where Council has significant influence over the operations (but neither controls nor jointly controls them).

##### Joint operations

*Note 19(c)*

Operational arrangements where the parties that have joint control have rights to specific assets and obligations for specific liabilities relating to the arrangement rather than a right to the net assets of the arrangement.

##### Unconsolidated structured entities

*Note 19(d)*

Unconsolidated structured entities represent "special vehicles" that Council has an interest in but which are not controlled by Council and therefore not consolidated as a subsidiary, joint arrangement or associate. Attributes of structured entities include restricted activities, a narrow and well-defined objective and insufficient equity to finance its activities without financial support.

##### Subsidiaries, joint arrangements and associates not recognised

*Note 19(e)*

#### Accounting recognition:

(i) Subsidiaries disclosed under Note 19(a) and joint operations disclosed at Note 19(c) are accounted for on a 'line by line' consolidation basis within the Income Statement and Statement of Financial Position.

(ii) Joint ventures and associates as per Note 19(b) are accounted for using the equity accounting method and are disclosed as a 1 line entry in both the Income Statement and Statement of Financial Position.

	Council's share of net income		Council's share of net assets	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
Joint ventures	86	29	388	304
<b>Total</b>	<b>86</b>	<b>29</b>	<b>388</b>	<b>304</b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 19. Interests in other entities (continued)

\$ '000

##### (a) Controlled entities (subsidiaries) – being entities and operations controlled by Council

Council has no interest in any controlled entities (subsidiaries).

##### (b) Joint ventures and associates

Council has incorporated the following joint ventures and associates into its consolidated financial statements.

##### (a) Net carrying amounts – Council's share

Name of entity	Nature of relationship	Measurement method	2017	2016
CivicRisk West	Joint venture	Equity accounting	117	2
CivicRisk Mutual	Joint venture	Equity accounting	271	302
<b>Total carrying amounts – material joint ventures and associates</b>			<b>388</b>	<b>304</b>

##### (b) Details

Name of entity	Principal activity
CivicRisk West	Public liability and professional indemnity
CivicRisk Mutual	Property, motor vehicle etc

##### (c) Relevant interests and fair values

Name of entity	Quoted fair value		Interest in outputs		Interest in ownership		Proportion of voting power	
	2017	2016	2017	2016	2017	2016	2017	2016
CivicRisk West	n/a	n/a	0.3%	0.0%	0.3%	0.0%	10.0%	10.0%
CivicRisk Mutual	n/a	n/a	4.2%	4.1%	4.2%	4.1%	5.9%	5.3%

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 19. Interests in other entities (continued)

\$ '000

## (b) Joint ventures and associates (continued)

## (d) Summarised financial information for joint ventures and associates

Statement of financial position	CivicRisk West		CivicRisk Mutual	
	2017	2016	2017	2016
<b>Current assets</b>				
Cash and cash equivalents	2,935	2,960	506	171
Other current assets	13,722	9,749	6,239	4,177
<b>Non-current assets</b>	<b>47,434</b>	<b>47,864</b>	<b>5,889</b>	<b>8,538</b>
<b>Current liabilities</b>				
Current financial liabilities (excluding trade and other payables and provisions)	5,008	4,999	2,891	2,800
Other current liabilities	677	523	423	346
<b>Non-current liabilities</b>				
Non-current financial liabilities (excluding trade and other payables and provisions)	20,429	22,856	2,830	2,454
<b>Net assets</b>	<b>37,977</b>	<b>32,195</b>	<b>6,490</b>	<b>7,286</b>
<b>Reconciliation of the carrying amount</b>				
Opening net assets (1 July)	32,195	29,943	7,286	7,517
Profit/(loss) for the period	7,455	3,498	(796)	(231)
Other adjustments to equity	(1,673)	(1,246)	–	–
<b>Closing net assets</b>	<b>37,977</b>	<b>32,195</b>	<b>6,490</b>	<b>7,286</b>
<b>Council's share of net assets (%)</b>	<b>0.3%</b>	<b>0.0%</b>	<b>4.2%</b>	<b>4.1%</b>
<b>Council's share of net assets (\$)</b>	<b>117</b>	<b>2</b>	<b>271</b>	<b>302</b>
<b>Statement of comprehensive income</b>				
Income	7,066	7,421	8,302	8,551
Interest income	3,757	2,438	584	423
Interest expense	(17)	(17)	–	–
Other expenses	(3,351)	(6,344)	(9,682)	(9,205)
<b>Profit/(loss) for period</b>	<b>7,455</b>	<b>3,498</b>	<b>(796)</b>	<b>(231)</b>
<b>Total comprehensive income</b>	<b>7,455</b>	<b>3,498</b>	<b>(796)</b>	<b>(231)</b>
<b>Share of income – Council (%)</b>	<b>1.6%</b>	<b>1.4%</b>	<b>3.8%</b>	<b>9.0%</b>
<b>Profit/(loss) – Council (\$)</b>	<b>116</b>	<b>50</b>	<b>(30)</b>	<b>(21)</b>
<b>Total comprehensive income – Council (\$)</b>	<b>116</b>	<b>50</b>	<b>(30)</b>	<b>(21)</b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 19. Interests in other entities (continued)

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\$ '000

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##### (b) Joint ventures and associates (continued)

###### Shell Cove

Council has an interest in an associate to develop various infrastructure and a residential precinct, Shell Cove. Shell Cove is managed by a management committee with Council and the developer both appointing 50% of the members to the management committee. Throughout the year ended 30 June 2017, the developer had possession and control of the Shell Cove site. As infrastructure assets were completed by the developer, control of the assets are transferred to Council and recognised with Council's financial statements. For the year ended 30 June 2017, the infrastructure assets below were recognised by Council.

- Footpaths \$1,299
- Kerb & guttering \$1,191
- Roads \$2,439
- Land under roads \$4,079
- Stormwater drainage \$3,174
- Land Reserves \$1,545

Under the terms of the management agreement between the parties the Council is entitled to 50% of the net surplus of the associate, calculated after deducting all the development costs and the administrative expenses. Based on current projections, surpluses will be available for distribution from 2021.

As at 30 June 2017, all receipts earned from Shell Cove have been spent on the development including \$712 of administration fee income received by Council relating to sales of property at Shell Cove. Council has also earned other revenue from building and applications, rates and other charges from the purchasers of the property in the development.

In Note 8, Council has an asset of \$408, which represents the cost of our contributions to date towards this development, which predominantly relates to the value assigned to the land that is being used for this development.

No feasibility review was performed during the year ending 30 June 2017. An independent review of Feasibility Study #6 of the Shell Cove development was performed during the year ended 30 June 2016. The study indicated that Council will receive 50% of the projected overall profit of \$143,574 by June 2025. That is approximately \$71,787. No material events have occurred during the year ended 30 June 2017 which would materially impact on Feasibility Study #6 projections.

##### (c) Joint operations

Council has no interest in any joint operations.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 19. Interests in other entities (continued)

\$ '000

##### (d) Unconsolidated structured entities

Council did not consolidate the following structured entities:

##### 1. Local Government Superannuation Scheme Pool B

Shellharbour Council participates in an employer sponsored Defined Benefit Superannuation Scheme – Local Government Superannuation Scheme Pool B.

Member Councils make contributions to the scheme as determined by the Superannuation Scheme's Trustees. All member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due. Each Councils share of any deficiency however cannot be accurately calculated due to the pooling of all assets and liabilities together amongst all member Councils. For this reason, liabilities for any deficiency are not recognised in these financial reports.

The net assets of the scheme as at 30 June 2017 were not sufficient to meet the scheme's accrued benefits. As a result, member Councils will continue to make additional contributions for at least the next financial year to recover that deficiency.

	<b>2017</b>	<b>2016</b>
Losses (or expenses) incurred by Council relating to the Structured Entity	637	891
	<b>2017</b>	<b>2016</b>
Liabilities in Council's Statement of Financial Position relating to the Structured Entity	100	132
<b>Maximum exposure to loss from Council's interest in the Structured Entity</b>	<b>Unknown</b>	<b>Unknown</b>

##### 2. Illawarra Shoalhaven Joint Organisation

The Illawarra Shoalhaven Joint Organisation (ISJO), lead, advocate and collaborate to maximise the region's potential and serve the interests of regional communities

The ISJO consists of four members:

- Kiama Municipal Council
- Shellharbour City Council
- Shoalhaven City Council
- Wollongong City Council

The Councils have a combined area of some 5,800 square kilometres and population of approximately 370,000 people.

	<b>2017</b>	<b>2016</b>
Losses (or expenses) incurred by Council relating to the Structured Entity	51	50

##### (e) Subsidiaries, joint arrangements and associates not recognised

None.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

\$ '000	Notes	Actual 2017	Actual 2016
<b>(a) Retained earnings</b>			
<b>Movements in retained earnings were as follows:</b>			
Balance at beginning of year (from previous years audited accounts)		418,908	385,141
a. Correction of prior period errors	20 (c)	(42,332)	(32,013)
b. Other comprehensive income (excl. direct to reserves transactions)		(2)	1
c. Net operating result for the year		37,243	23,447
<b>Balance at end of the reporting period</b>		<b>413,817</b>	<b>376,576</b>
<b>(b) Revaluation reserves</b>			
<b>(i) Reserves are represented by:</b>			
– Infrastructure, property, plant and equipment revaluation reserve		372,115	372,115
<b>Total</b>		<b>372,115</b>	<b>372,115</b>
<b>(ii) Reconciliation of movements in reserves:</b>			
<b>Infrastructure, property, plant and equipment revaluation reserve</b>			
– Opening balance from previous year's audited accounts		373,052	401,043
– Revaluations for the year	9(a)	–	(27,991)
– Correction of prior period errors	20(c)	(937)	(937)
<b>– Balance at end of year</b>		<b>372,115</b>	<b>372,115</b>
<b>(iii) Nature and purpose of reserves</b>			
<b>Infrastructure, property, plant and equipment revaluation reserve</b>			
– The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation.			

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

\$ '000	Actual 2017	Actual 2016
<b>(c) Correction of error/s relating to a previous reporting period</b>		
<b>Correction of errors disclosed in this year's financial statements:</b>		
Council has recognised Land Under Roads (LUR) since 1 July 2008. The method chosen for the recognition of these assets has been based on the average unit value of properties adjoining the relevant road segment.	(32,986)	
A decision has been made to revise the valuation of the entity's total Land Under Roads at the average unit value of the land contained within the entity's area of control. This method results in a significantly reduced average unit value compared to the original method used. This is believed to be a more appropriate representation of the value of the land due to the restrictions that exist on Land Under Road assets.		
An adjustment of \$32.9m has been made to the closing equity as at 30 June 2015 to reflect the new valuations for assets recognised from 1 July 2008, to that point in time. An adjustment has also been made to the grants and contributions provided for capital purposes in the comparatives for 2015/16, to reflect the revised value recognised for LUR in that financial year. This has resulted in a downward adjustment of \$10.3m in 2015/16.		
<b>Correction of errors as disclosed in last year's financial statements:</b>		
Land Under Roads (not recognised) transferred to Operational Land 27/4/12		36
<b>In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively.</b>		
<b>These amounted to the following equity adjustments:</b>		
- Adjustments to opening equity - 1/7/15 (relating to adjustments for the 30/6/15 reporting year end and prior periods)	(32,986)	–
- Adjustments to opening equity - 1/7/16 (relating to adjustments for the 30/6/16 year end)	–	36
<b>Total prior period adjustments - prior period errors</b>	<b>(32,986)</b>	<b>36</b>

#### (d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

#### Note 21. Financial result and financial position by fund

Council utilises only a general fund for its operations.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000	2017		2016	
	Current	Non-current	Current	Non-current
<b>(i) Non-current assets and disposal group assets</b>				
<b>Non-current assets 'held for sale'</b>				
Land	1,158	–	3,816	–
Buildings	–	–	5,951	–
<b>Total non-current assets 'held for sale'</b>	<b>1,158</b>	<b>–</b>	<b>9,767</b>	<b>–</b>
<b>Disposal group assets 'held for sale'</b>				
None				
<b>TOTAL NON-CURRENT ASSETS CLASSIFIED AS 'HELD FOR SALE'</b>	<b>1,158</b>	<b>–</b>	<b>9,767</b>	<b>–</b>

**(ii) Details of assets and disposal groups**

Council has two parcels of land being actively marketed for disposal at 30 June 2017.

\$ '000	Assets 'held for sale'	
	2017	2016
<b>(iii) Reconciliation of non-current assets 'held for sale' and disposal groups – i.e. discontinued operations</b>		
<b>Opening balance</b>	9,767	10,104
<b>Less: carrying value of assets/operations sold</b>	(8,609)	–
<b>Balance still unsold after 12 months:</b>	<b>1,158</b>	<b>10,104</b>
<b>Plus new transfers in:</b>		
– Assets 'held for sale'	–	139
<b>Less: carrying value of assets/operations sold that were re-classified this reporting period</b>	–	(476)
<b>Closing balance of 'held for sale' non-current assets and operations</b>	<b>1,158</b>	<b>9,767</b>

Refer to Note 27. Fair value measurement for fair value measurement information.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 23. Events occurring after the reporting date

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\$ '000

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Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 20/10/17.

Events that occur after the reporting period represent one of two types:

##### **(i) Events that provide evidence of conditions that existed at the reporting period**

These financial statements (and the figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2017.

##### **(ii) Events that provide evidence of conditions that arose after the reporting period**

These financial statements (and figures therein) do not incorporate any 'non-adjusting events' that have occurred after 30 June 2017 and which are only indicative of conditions that arose after 30 June 2017.

**Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.**

#### Note 24. Discontinued operations

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Council has not classified any of its operations as 'discontinued'.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 25. Intangible assets

\$ '000	Actual 2017	Actual 2016
Intangible assets represent identifiable non-monetary assets without physical substance.		
Intangible assets are as follows:		
<b>Opening values:</b>		
Gross book value (1/7)	5,359	2,824
Accumulated amortisation (1/7)	(1,469)	(872)
<b>Net book value – opening balance</b>	<b>3,890</b>	<b>1,952</b>
<b>Movements for the year</b>		
– Purchases	49	2,536
– Amortisation charges	(830)	(597)
<b>Closing values:</b>		
Gross book value (30/6)	5,408	5,359
Accumulated amortisation (30/6)	(2,298)	(1,469)
<b><u>TOTAL INTANGIBLE ASSETS – NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>3,110</u></b>	<b><u>3,890</u></b>

<sup>1</sup> The net book value of intangible assets represent:

– Software	1,714	2,507
– At cost hotelier's licence at The Links	23	23
– At cost gaming machine entitlements at The Links	1,373	1,360
	<b><u>3,110</u></b>	<b><u>3,890</u></b>

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

Asset/operation	Estimated year of restoration	NPV of provision	
		2017	2016
Waste depot/sandmine at Buckleys road, Dunmore	2033	15,145	14,848
<b>Balance at end of the reporting period</b>		<b>15,145</b>	<b>14,848</b>

10(a)

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

#### Reconciliation of movement in provision for year:

Balance at beginning of year	14,848	14,557
Amortisation of discount (expensed to borrowing costs)	297	291
<b>Total – reinstatement, rehabilitation and restoration provision</b>	<b>15,145</b>	<b>14,848</b>

#### Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 26. Reinstatement, rehabilitation and restoration liabilities (continued)

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\$ '000

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##### Provisions for close down and restoration and for environmental clean up costs – tips and quarries

###### **Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Other movements in the provisions for close down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

###### **Rehabilitation**

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 27. Fair value measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Investment property
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:**

2017	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Investments					
– 'Held for trading'	30/06/17	–	20,458	–	20,458
<b>Total financial assets</b>		<b>–</b>	<b>20,458</b>	<b>–</b>	<b>20,458</b>
<b>Investment properties</b>					
Investment properties – land and buildings	30/06/17	–	–	19,426	19,426
<b>Total investment properties</b>		<b>–</b>	<b>–</b>	<b>19,426</b>	<b>19,426</b>
<b>Infrastructure, property, plant and equipment</b>					
Capital work in progress	30/06/17	–	–	69,269	69,269
Plant and equipment	30/06/17	–	–	3,602	3,602
Office equipment	30/06/17	–	–	215	215
Furniture and fittings	30/06/17	–	–	395	395
Operational land	30/06/13	–	–	48,802	48,802
Community land	30/06/14	–	–	135,209	135,209
Land under roads	1/07/15	–	–	13,647	13,647
Land improvements	30/06/17	–	–	10,795	10,795
Buildings – non-specialised	30/06/13	–	–	26,614	26,614
Buildings – specialised	30/06/13	–	–	23,708	23,708
Other structures	30/06/17	–	–	1,531	1,531
Roads	1/07/15	–	–	147,443	147,443
Bridges	30/06/15	–	–	7,976	7,976
Footpaths	1/07/15	–	–	36,039	36,039
Stormwater drainage	1/07/15	–	–	172,064	172,064
Swimming pools	30/06/17	–	–	3,183	3,183
Other open space/recreational assets	30/06/17	–	–	6,610	6,610
Other infrastructure	1/07/15	–	–	6,727	6,727
Library books	30/06/17	–	–	778	778
Other	30/06/17	–	–	1,527	1,527
Waste depot/sandmine asset	30/06/15	–	–	6,661	6,661
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>722,795</b>	<b>722,795</b>

## Shellharbour City Council

## Notes to the Financial Statements

for the year ended 30 June 2017

## Note 27. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

2016	Date of latest valuation	Fair value measurement hierarchy			Total
		Level 1 Quoted prices in active mkts	Level 2 Significant observable inputs	Level 3 Significant unobservable inputs	
<b>Recurring fair value measurements</b>					
<b>Financial assets</b>					
Investments – ‘Held for trading’	30/06/16	–	20,054	–	20,054
<b>Total financial assets</b>		<b>–</b>	<b>20,054</b>	<b>–</b>	<b>20,054</b>
<b>Investment properties</b>					
Investment properties – land and buildings	30/06/16	–	–	19,320	19,320
<b>Total investment properties</b>		<b>–</b>	<b>–</b>	<b>19,320</b>	<b>19,320</b>
<b>Infrastructure, property, plant and equipment</b>					
Capital work in progress	30/06/16	–	–	21,177	21,177
Plant and equipment	30/06/16	–	–	5,417	5,417
Office equipment	30/06/16	–	–	395	395
Furniture and fittings	30/06/16	–	–	480	480
Operational land	30/06/13	–	–	48,334	48,334
Community land	30/06/16	–	–	131,944	131,944
Land under roads	30/06/14	–	–	8,610	8,610
Land improvements	30/06/16	–	–	10,119	10,119
Buildings – non-specialised	30/06/13	–	–	27,793	27,793
Buildings – specialised	30/06/13	–	–	24,630	24,630
Other structures	30/06/16	–	–	932	932
Roads	1/07/15	–	–	144,582	144,582
Bridges	30/06/15	–	–	7,487	7,487
Footpaths	1/07/15	–	–	34,999	34,999
Stormwater drainage	1/07/15	–	–	167,559	167,559
Swimming pools	30/06/16	–	–	3,384	3,384
Other open space/recreational assets	30/06/16	–	–	6,428	6,428
Other infrastructure	1/07/15	–	–	6,228	6,228
Library books	30/06/16	–	–	753	753
Other	30/06/16	–	–	1,719	1,719
Waste depot/sandmine asset	30/06/15	–	–	7,078	7,078
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>660,048</b>	<b>660,048</b>

## (2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

##### Investment properties

###### Land & Buildings

All of Council's investment properties are valued at fair value. A full valuation is performed every three years. The 2016 revaluations were based on independent assessments performed by Scott Fullarton Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. The key unobservable input to the valuation is the price per square metre.

##### Infrastructure, property, plant and equipment (IPP&E)

###### Plant & Equipment, Office Equipment and Furniture & Fittings

Plant & Equipment, Office Equipment and Furniture & Fittings are all valued at cost but are disclosed at fair value in the notes due to the nature of the items.

Examples of assets within these classes are:

- Plant & Equipment – Trucks, mowers, earth moving equipment
- Office Equipment – Printers, Scanners, White Boards, Computer Equipment
- Furniture & Fittings - Kitchens, Fitouts, Flooring etc

Council assumes that the carrying value amount reflects the fair value of the assets due to the nature of the items as shown above.

###### Operational Land

This asset class comprises all of Council's land classified as Operational Land under the NSW Local Government Act 1993. The last valuation was undertaken at 30 June 2013 and was performed by Scott Fullarton Valuations Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144. The key unobservable input to the valuation is the price per square metre.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset, rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset; and cash flows from the future use and disposal. There has been no change to the valuation process during the reporting period.

###### Community Land

Valuations of all Council's Community Land were based on land values provided by the Valuer-General. The last valuation was undertaken at 30 June 2016.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment (IPP&E) (continued)

###### Land Under Roads

Council has elected to recognise Land Under Roads where the road was acquired on or after 1 July 2008. The method chosen for the recognition of these assets has been based on the average unit value of properties adjoining the relevant road segment.

A decision has been made in consultation with Council's auditors to revise the valuation of the entity's total Land Under Roads at the average unit value of the land contained within the entity's area of control. This method results in a significantly reduced average unit value compared to the original method used. This is believed to be a more appropriate representation of the value of the land due to the restrictions that exist on Land Under Road assets.

###### Land Improvements

This asset class comprises land improvements such as landscaping, streetscaping and foreshore/sportsfields improvements. The cost approach is used to value land improvements. There has been no change to the valuation process during the reporting period.

###### Buildings - Specialised and Non Specialised

Council engaged Scott Fullarton Pty Ltd, Director Scott Fullarton, FAPI, Certified Practising Valuer, Registered Valuer No. 2144 to value all buildings at 30 June 2013 using the cost approach. The approach estimated the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While all buildings were physically inspected inputs such as estimates of residual value and pattern of consumption required extensive professional judgement and impacted significantly on the final determination of fair value. There has been no change to the valuation process during the reporting period.

###### Other Structures

This assets comprises of: Fencing, memorials, embellishments, boom gates etc. The cost approach is used to value other structures. There has been no change to the valuation process during the reporting period.

###### Roads

Councils Road Asset Class is made up of, Driving/wearing surface (AC, Sprayseal & Pavers), Road Pavement Upper Limit (Flexible and Concrete) Base and Sub base components. Valuations were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA), assets management and consulting organisation on 1 July 2015.

###### Bridges

Bridges include constructed timber pedestrian bridges, timber road bridges and concrete pedestrian bridges. The larger road bridges were valued on information from developers who contracted out the construction of their major bridges. Valuations for this asset classes were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA), assets management and consulting organisation on 1 July 2015.

###### Footpaths

Valuations for this asset classes were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA) consulting organisation on 1 July 2015, using unit rates and Rawlinsons Australian Construction Handbook.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

#### (3) Valuation techniques used to derive level 2 and level 3 fair values (continued)

##### Infrastructure, property, plant and equipment (IPP&E) (continued)

###### Stormwater Drainage

These assets are made up of stormwater pits, pipes, GPT's, headwalls and culverts. GPT's and pits. Valuations for this asset class were undertaken inhouse with the assistance of Jeff Roorda and Associates (JRA), asset management and consulting organisation on 1 July 2015.

###### Swimming Pools

Council assumes that the carrying value amount reflects the fair value of the assets. There has been no change to the valuation process during the reporting period.

###### Other Open Space/Recreational Assets

Assets within this class comprise of sporting and skate facilities, playgrounds, tennis courts, hockey fields, grandstands and picnic shelters etc. The cost approach is used to value other open space/recreational assets.

There has been no change to the valuation process during the reporting period.

###### Other Infrastructure

Other infrastructure comprises of the airport runway. Valuations for this asset class were undertaken inhouse using the assistance of Jeff Roorda and Associates (JRA), assets management and The last valuation was undertaken at 1 July 2015.

###### Library Books

This asset category comprises of assets such as library books, journals, magazines, Cd's and Dvd's. The library books are reported at Fair value in the notes however, due to the nature of these items they are valued at cost. There are no major variances between the fair value and carrying amount of these assets. There has been no change to the valuation process during the reporting period.

###### Other

Other assets consist of sundry signs, lighting etc. Council assumes that the carrying value amount reflects the fair value of the assets due to the nature of the items. There has been no change to the valuation process during the reporting period.

###### Waste Depot/Sandmine Asset

The waste depot/sandmine is located at Buckley's Road in Dunmore. It has been recognised that there will be significant costs associated with the closure and post closure management of the landfill site.

An Evaluation of Costs for Landfill Closure and Post Closure Management was prepared by Tonkin Consulting, PJ Lightbody, MIEAust Chartered Professional Engineer in June 2015.

## Shellharbour City Council

### Notes to the Financial Statements

for the year ended 30 June 2017

#### Note 27. Fair value measurement (continued)

\$ '000

#### (4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	Total IPPE	Total
<b>Opening balance – 1/7/15</b>	672,222	672,222
Purchases (GBV)	29,663	29,663
Disposals (WDV)	(890)	(890)
Depreciation and impairment	(12,818)	(12,818)
Transfer from non-current assets held for sale	(139)	(139)
Revaluation increments to ARR	(27,991)	(27,991)
Other movement adjustments and transfers	1	1
<b>Closing balance – 30/6/16</b>	<b>660,048</b>	<b>660,048</b>
Purchases (GBV)	77,591	77,591
Disposals (WDV)	(2,268)	(2,268)
Depreciation and impairment	(12,576)	(12,576)
<b>Closing balance – 30/6/17</b>	<b>722,795</b>	<b>722,795</b>

#### (5). Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.

## Shellharbour City Council

### Notes to the Financial Statements for the year ended 30 June 2017

#### Note 28. Related party disclosures

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\$ '000

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##### a. Key management personnel

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

	<b>Actual 2017</b>
<b>Compensation:</b>	
Short-term benefits	1,229,354
Post-employment benefits	128,872
Other long-term benefits	119,228
Termination benefits	12,436
<b>Total</b>	<b><u>1,489,890</u></b>

##### b. Other transactions with KMP and their related parties

Council maintains a Related Party Transaction register. A review of the register, Annual Declaration of Interest returns and minutes of Council Meetings conducted for the year ending 30 June 2017, identified no related party transactions that would have otherwise been incurred by an ordinary citizen.

# Shellharbour City Council

## Notes to the Financial Statements for the year ended 30 June 2017

### Note 29. Council information and contact details

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#### Principal place of business:

Lamerton House  
Lamerton Crescent  
Shellharbour City Centre  
(behind Stockland Shellharbour)

#### Contact details

##### Mailing address:

Locked Bag 155  
SHELLHARBOUR CITY CENTRE NSW 2529

##### Opening hours:

8:30am to 4:30pm  
Monday to Friday

**Telephone:** 02 4221 6111

**Facsimile:** 02 4221 6016

**Internet:** [www.shellharbour.nsw.gov.au](http://www.shellharbour.nsw.gov.au)

**Email:** [records@shellharbour.nsw.gov.au](mailto:records@shellharbour.nsw.gov.au)

#### Officers

##### GENERAL MANAGER

Carey McIntyre

##### RESPONSIBLE ACCOUNTING OFFICER

Gary Grantham

##### PUBLIC OFFICER

Flora Lepouras

##### AUDITORS

The Audit Office of New South Wales

#### Elected members as at 30 June 2017

##### MAYOR

Marianne Saliba

##### COUNCILLORS

Cr. David Boyle

Cr. Helen Stewart

Cr. John Murray

Cr. Kellie Marsh

Cr. Paul Rankin

Cr. Peter Moran

#### Other information

**ABN:** 78 392 627 134



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the general purpose financial statements**  
**Shellharbour City Council**

To the Councillors of Shellharbour City Council

## Opinion

I have audited the accompanying financial statements of Shellharbour City Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
  - have been presented, in all material respects, in accordance with the requirements of this Division
  - are consistent with the Council's accounting records
  - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

## Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Other Matter**

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 28 September 2016.

### **The Councillors' Responsibility for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'C. Clayton', with a large, stylized flourish at the end.

Chris Clayton  
Director, Financial Audit Services

20 October 2017  
SYDNEY

Councillor Marianne Saliba  
Mayor  
Shellharbour City Council  
Locked Bag 155  
SHELLHARBOUR CITY CENTRE NSW 2529

Contact: Chris Clayton  
Phone no: 02 9275 7248  
Our ref: D1726599/1784

20 October 2017

Dear Mayor

**Report on the Conduct of the Audit  
for the year ended 30 June 2017  
Shellharbour City Council**

I have audited the general purpose financial statements of Shellharbour City Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the ended 30 June 2017 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

**INCOME STATEMENT**

**Operating result**

	<b>2017</b>	<b>2016</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Rates and annual charges revenue</b>	55.5	49.8	11.5 ↑
<b>Grants and contributions revenue</b>	34.8	20.2	72.5 ↑
<b>Operating result for the year</b>	37.2	23.4	58.8 ↑
<b>Net operating result before capital amounts</b>	12.5	12.2	3.1 ↑

Council's operating result for the year (\$37.2 million) was \$13.8 million more than the previous financial year. Commentary on the council's operating result:

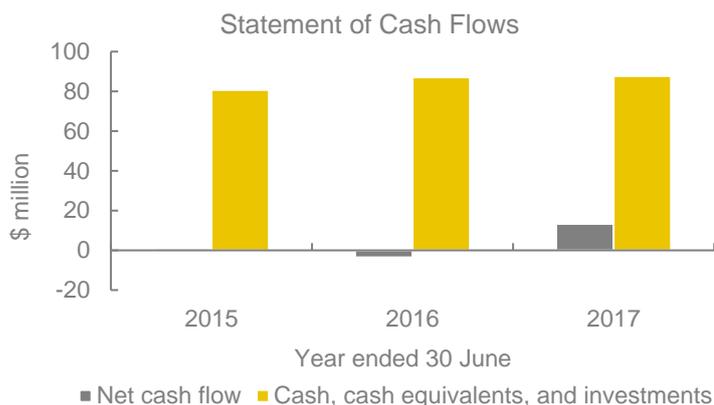
Rates and annual charges increased by \$5.7 million (11.5 per cent) to \$55.5 million. The increase is mainly due to the special rate variation for 2016-17 (10 per cent).

Grants revenue increased mainly due to receipt of 2017-18 financial assistance grant instalments from the Commonwealth Government in 2016-17. Contributions revenue also increased mostly from assets contributed from Shell Cove. Revenue from capital contributions increased 119 per cent (\$13.4 million) in 2016-17.

## STATEMENT OF CASH FLOWS

Net cash provided from operating activities has increased steadily over the previous three years (\$31.2 million in 2016-17), allowing Council to invest its operating cash flow surpluses into infrastructure projects.

Council's cash and investments balance at 30 June 2017 reflects \$14.6 million received through borrowings to fund capital projects including the new Shellharbour Civic Centre.



## FINANCIAL POSITION

### Cash and Investments

Restricted Cash and Investments	2017	2016	Commentary
	\$m	\$m	
External restrictions	57.7	56.9	Externally restricted cash and investments are restricted in their use by externally imposed requirements. Externally restricted funds increased by \$12.2 million for unexpended specific purpose loans; offset by decreases in developer contributions (\$3.8 million) and domestic waste management (\$6.6 million).
Internal restrictions	20.9	25.3	
Unrestricted	9.1	4.9	
<b>Cash and investments</b>	<b>87.7</b>	<b>87.1</b>	Internally restricted cash and investments have been restricted in the use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Internal restrictions related to the former 'carbon price' decreased by \$1.2 million and Section 94 funds decreased by \$1.3 million.

## Debt

At 30 June 2017, Council recognised \$17.9 million in loans (30 June 2016: \$4.0 million). The increase includes \$12.7 million related to the Shellharbour Civic Centre development. Council’s loans are secured over the general rating income of Council.

At 30 June 2017, Council also had access to a \$1 million (30 June 2016: \$1 million) bank overdraft facility. This facility was unused at year end.

## PERFORMANCE RATIOS

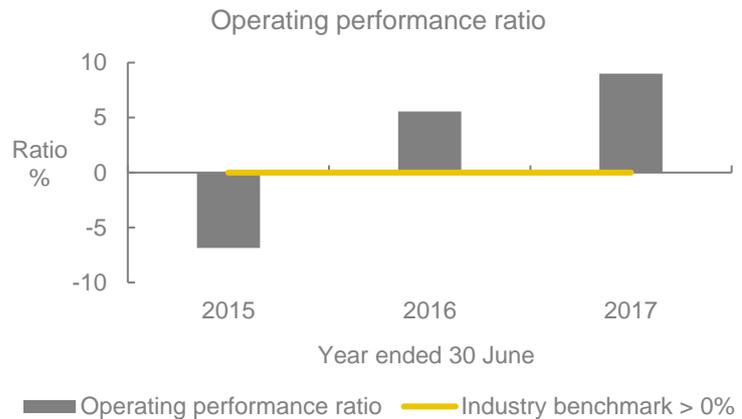
The definition of each ratio analysed below is included in Note 13 of the Council’s audited general purpose financial statements.

### Operating performance ratio

Council’s operating performance ratio exceeded the industry benchmark over the past two years.

Council’s 2016-17 ratio reflects a comparatively larger special rates variation received and receipt of 2017-18 financial assistance grant instalments from the Commonwealth Government in 2016-17.

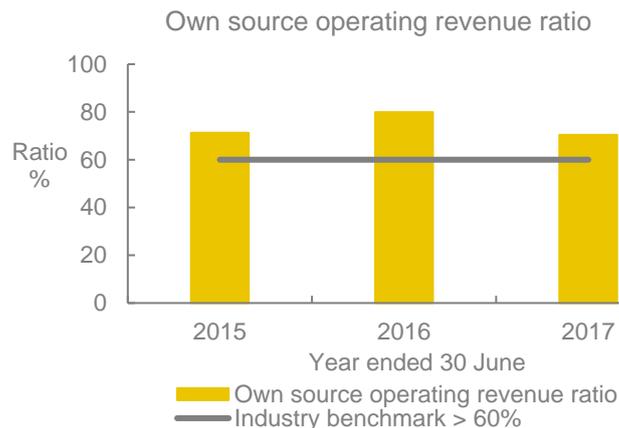
The ‘operating performances ratio’ measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



### Own source operating revenue ratio

Council’s own source operating revenue ratio exceeded the industry benchmark over the past three years.

The ‘own source operating revenue ratio’ measures council’s fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.

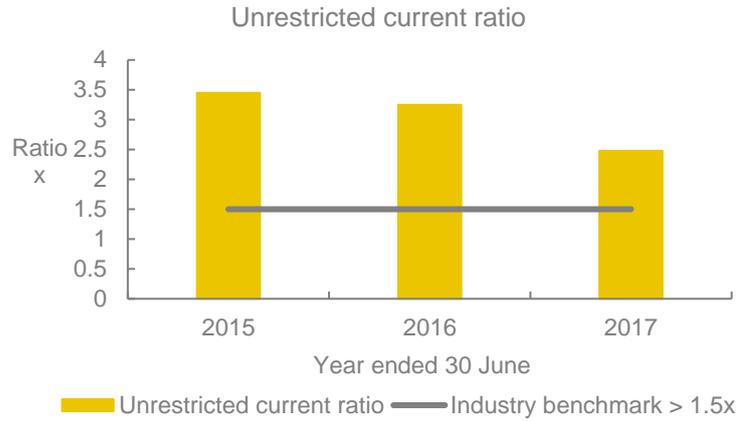


## Unrestricted current ratio

Council's unrestricted current ratio exceeded the industry benchmark over the past three years. This indicates Council has sufficient liquidity to meet its current liabilities as and when they fall due.

A contributor to the decreased ratio in 2016-17 was the sale of Lamerton House during the financial year (that was carried as a 'current asset' in the previous two financial years).

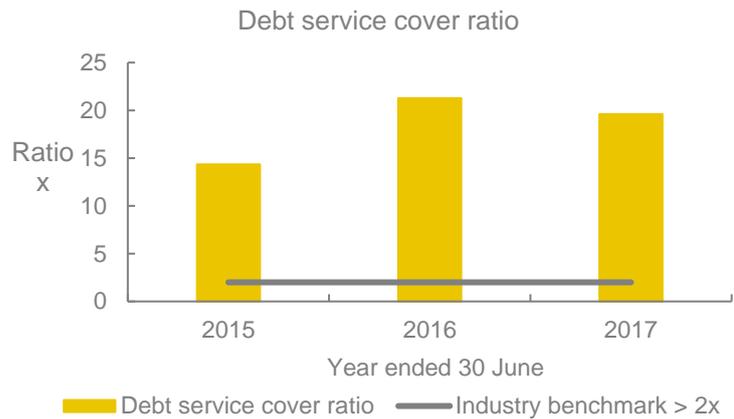
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



## Debt service cover ratio

Council's debt service cover ratio exceeded the industry benchmark over the past three years. The ratio indicates Council has adequate revenue to cover the principal repayments and borrowing costs of its debt.

The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.

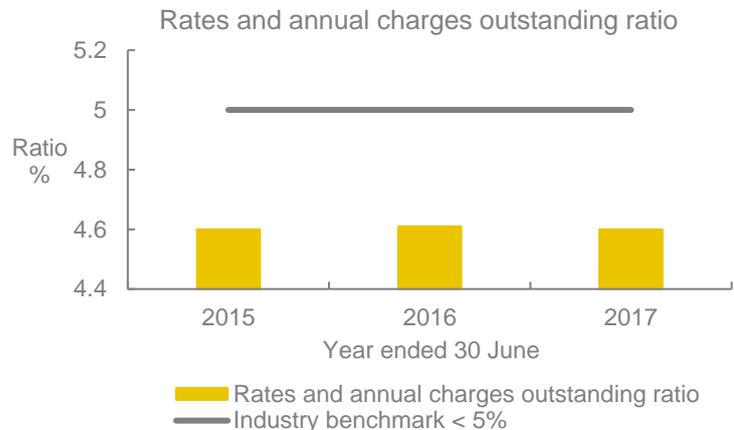


## Rates and annual charges outstanding ratio

Council's rates and annual charges outstanding ratio is better than the benchmark for metropolitan councils over the past three years.

Interest is charged on this outstanding balance and council does not consider any provision is necessary for uncollected rates and annual charges.

The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 5 per cent for metro councils.

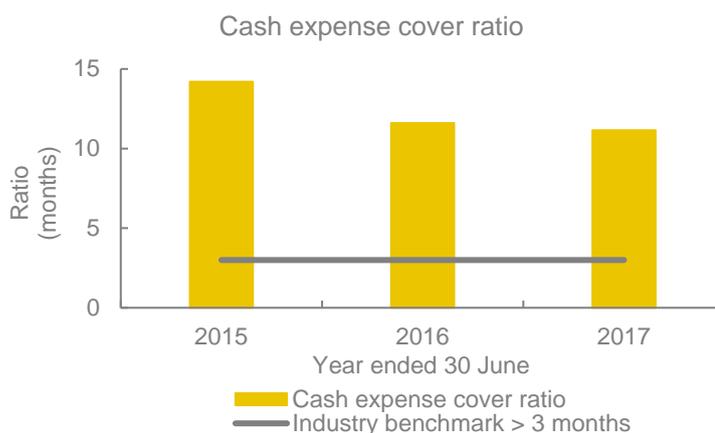


## Cash expense cover ratio

As at 30 June 2017, Council had the capacity to cover 11 months of cash expenditure without additional cash inflows.

Council's high levels of liquidity means its cash expense cover ratio far exceeded the industry benchmark over the past three years.

This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



## OTHER MATTERS

### Council Entities

Council's interest in 'council entities' include:

- Shell Cove
- CivicRisk West
- CivicRisk Mutual
- Southern Phone Company Limited
- Illawarra Shoalhaven Joint Organisation.

Alternate external audits arrangements are in place for the above 'council entities'. I have obtained sufficient audit evidence to be satisfied Council's general purpose financial statements materially reflect Council's interest in the entities.

### New accounting standards implemented

#### AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public-sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

## Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Chris Clayton  
Director Financial Audit Services

cc: Mr Carey McIntyre, General Manager  
Ms Julie Walton, Chair of the Governance, Risk and Audit Committee  
Mr Tim Hurst, Acting Chief Executive of the Office of Local Government

# Shellharbour City Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2017

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A City of Vision



Shellharbour  
CITY COUNCIL

# Shellharbour City Council

## Special Purpose Financial Statements

for the year ended 30 June 2017

Contents	Page
<b>1. Statement by Councillors and Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement – Water Supply Business Activity	n/a
Income Statement – Sewerage Business Activity	n/a
Income Statement – Other Business Activities	3
Statement of Financial Position – Water Supply Business Activity	n/a
Statement of Financial Position – Sewerage Business Activity	n/a
Statement of Financial Position – Other Business Activities	5
<b>3. Notes to the Special Purpose Financial Statements</b>	7
<b>4. Auditor’s Report</b>	11

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### Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
  - (ii) The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.  
  
Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
  - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.  
  
These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
  - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

Shellharbour City Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Statements have been prepared in accordance with:

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,

To the best of our knowledge and belief, these reports:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on .



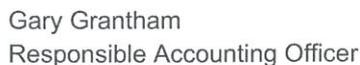
Marianne Saliba  
Mayor



Councillor



Carey McIntyre  
General Manager



Gary Grantham  
Responsible Accounting Officer

## Shellharbour City Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

\$ '000	Nursery		The Links	
	Category 2		Category 1	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
<b>Income from continuing operations</b>				
Access charges	–	–	–	–
User charges	364	310	3,060	2,674
Fees	–	–	–	–
Interest	–	–	–	–
Grants and contributions provided for non-capital purposes	–	–	3	17
Profit from the sale of assets	–	–	–	–
Other income	1	2	420	179
<b>Total income from continuing operations</b>	<b>365</b>	<b>312</b>	<b>3,483</b>	<b>2,870</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	202	195	958	919
Borrowing costs	–	–	–	–
Materials and contracts	188	128	1,898	1,854
Depreciation, amortisation and impairment	13	13	467	424
Loss on sale of assets	–	–	–	–
Calculated taxation equivalents	6	5	81	100
Debt guarantee fee (if applicable)	–	–	–	–
Other expenses	2	6	453	317
<b>Total expenses from continuing operations</b>	<b>411</b>	<b>347</b>	<b>3,857</b>	<b>3,614</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(46)</b>	<b>(35)</b>	<b>(374)</b>	<b>(744)</b>
Grants and contributions provided for capital purposes	–	–	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(46)</b>	<b>(35)</b>	<b>(374)</b>	<b>(744)</b>
Surplus (deficit) from discontinued operations	–	–	–	–
<b>Surplus (deficit) from all operations before tax</b>	<b>(46)</b>	<b>(35)</b>	<b>(374)</b>	<b>(744)</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	–	–	–	–
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(46)</b>	<b>(35)</b>	<b>(374)</b>	<b>(744)</b>
<b>Plus opening retained profits</b>	<b>54</b>	<b>84</b>	<b>10,352</b>	<b>10,996</b>
<b>Plus/less: prior period adjustments</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	6	5	81	100
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	–	–	–	–
<b>Add:</b>				
– Subsidy paid/contribution to operations	–	–	–	–
<b>Less:</b>				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	–
<b>Closing retained profits</b>	<b>14</b>	<b>54</b>	<b>10,059</b>	<b>10,352</b>
<b>Return on capital %</b>			<b>-1.5%</b>	<b>-3.3%</b>

## Shellharbour City Council

## Income Statement of Council's Other Business Activities

for the year ended 30 June 2017

\$ '000	Caravan Park		Illawarra Regional Airport	
	Category 2		Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
<b>Income from continuing operations</b>				
Access charges	–	–	–	–
User charges	1,598	1,564	122	138
Fees	–	–	–	–
Interest	–	–	–	–
Grants and contributions provided for non-capital purposes	–	–	–	–
Profit from the sale of assets	–	–	–	–
Share of profit from equity accounted investment	–	–	–	–
Fair value adjustments – investment properties	–	–	–	1,641
Other income	18	16	311	345
<b>Total income from continuing operations</b>	<b>1,616</b>	<b>1,580</b>	<b>433</b>	<b>2,124</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	32	33	270	195
Borrowing costs	36	32	–	–
Materials and contracts	553	607	208	136
Depreciation, amortisation and impairment	110	100	109	99
Loss on sale of assets	–	–	–	–
Calculated taxation equivalents	3	3	90	89
Debt guarantee fee (if applicable)	–	–	–	–
Share of loss from equity accounted investment	–	–	–	–
Other expenses	188	195	71	48
<b>Total expenses from continuing operations</b>	<b>922</b>	<b>970</b>	<b>748</b>	<b>567</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>694</b>	<b>610</b>	<b>(315)</b>	<b>1,557</b>
Grants and contributions provided for capital purposes	–	–	–	–
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>694</b>	<b>610</b>	<b>(315)</b>	<b>1,557</b>
Surplus (deficit) from discontinued operations	–	–	–	–
<b>Surplus (deficit) from all operations before tax</b>	<b>694</b>	<b>610</b>	<b>(315)</b>	<b>1,557</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(208)	(183)	–	(467)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>486</b>	<b>427</b>	<b>(315)</b>	<b>1,090</b>
<b>Plus opening retained profits</b>	8,019	7,406	17,003	15,357
<b>Plus/less: prior period adjustments</b>	–	–	–	–
<b>Plus adjustments for amounts unpaid:</b>				
– Taxation equivalent payments	3	3	90	89
– Debt guarantee fees	–	–	–	–
– Corporate taxation equivalent	208	183	–	467
<b>Add:</b>				
– Subsidy paid/contribution to operations	–	–	–	–
<b>Less:</b>				
– TER dividend paid	–	–	–	–
– Dividend paid	–	–	–	–
<b>Closing retained profits</b>	<b>8,716</b>	<b>8,019</b>	<b>16,778</b>	<b>17,003</b>

## Shellharbour City Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

\$ '000	Nursery		The Links	
	Category 2		Category 1	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	(83)	(44)	(6,917)	(4,776)
Investments	–	–	–	–
Receivables	1	2	17	13
Inventories	92	63	225	235
<b>Total Current Assets</b>	<b>10</b>	<b>21</b>	<b>(6,675)</b>	<b>(4,528)</b>
<b>Non-current assets</b>				
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	285	298	24,633	22,608
Investments accounted for using equity method	–	–	–	–
Investment property	–	–	–	–
Intangible assets	–	–	1,404	1,397
<b>Total non-current assets</b>	<b>285</b>	<b>298</b>	<b>26,037</b>	<b>24,005</b>
<b>TOTAL ASSETS</b>	<b>295</b>	<b>319</b>	<b>19,362</b>	<b>19,477</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	–	–	–	–
Payables	34	14	205	43
Income received in advance	–	–	–	–
Borrowings	–	–	–	–
Provisions	27	31	262	238
<b>Total current liabilities</b>	<b>61</b>	<b>45</b>	<b>467</b>	<b>281</b>
<b>Non-current liabilities</b>				
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	–	–	3	11
Other Liabilities	–	–	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>3</b>	<b>11</b>
<b>TOTAL LIABILITIES</b>	<b>61</b>	<b>45</b>	<b>470</b>	<b>292</b>
<b>NET ASSETS</b>	<b>234</b>	<b>274</b>	<b>18,892</b>	<b>19,185</b>
<b>EQUITY</b>				
Retained earnings	14	54	10,059	10,352
Revaluation reserves	220	220	8,833	8,833
Other reserves	–	–	–	–
Council equity interest	<b>234</b>	<b>274</b>	<b>18,892</b>	<b>19,185</b>
Non-controlling equity interest	–	–	–	–
<b>TOTAL EQUITY</b>	<b>234</b>	<b>274</b>	<b>18,892</b>	<b>19,185</b>

## Shellharbour City Council

## Statement of Financial Position – Council's Other Business Activities

as at 30 June 2017

\$ '000	Caravan Park		Illawarra Regional Airport	
	Category 2		Category 2	
	Actual 2017	Actual 2016	Actual 2017	Actual 2016
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	7,194	6,655	(665)	1,527
Investments	–	–	–	–
Receivables	–	–	43	54
Inventories	–	–	–	–
<b>Total Current Assets</b>	<b>7,194</b>	<b>6,655</b>	<b>(622)</b>	<b>1,581</b>
<b>Non-current assets</b>				
Investments	–	–	–	–
Receivables	–	–	–	–
Inventories	–	–	–	–
Infrastructure, property, plant and equipment	2,753	2,564	7,180	5,406
Investments accounted for using equity method	–	–	–	–
Investment property	–	–	14,575	14,334
Intangible assets	–	–	–	–
<b>Total non-current assets</b>	<b>2,753</b>	<b>2,564</b>	<b>21,755</b>	<b>19,740</b>
<b>TOTAL ASSETS</b>	<b>9,947</b>	<b>9,219</b>	<b>21,133</b>	<b>21,321</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft	–	–	–	–
Payables	99	68	37	15
Income received in advance	–	–	–	–
Borrowings	–	–	–	–
Provisions	–	–	7	–
<b>Total current liabilities</b>	<b>99</b>	<b>68</b>	<b>44</b>	<b>15</b>
<b>Non-current liabilities</b>				
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	–	–	8	–
Other Liabilities	–	–	–	–
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>8</b>	<b>–</b>
<b>TOTAL LIABILITIES</b>	<b>99</b>	<b>68</b>	<b>52</b>	<b>15</b>
<b>NET ASSETS</b>	<b>9,848</b>	<b>9,151</b>	<b>21,081</b>	<b>21,306</b>
<b>EQUITY</b>				
Retained earnings	8,716	8,019	16,778	17,003
Revaluation reserves	1,132	1,132	4,303	4,303
Other reserves	–	–	–	–
Council equity interest	<b>9,848</b>	<b>9,151</b>	<b>21,081</b>	<b>21,306</b>
Non-controlling equity interest	–	–	–	–
<b>TOTAL EQUITY</b>	<b>9,848</b>	<b>9,151</b>	<b>21,081</b>	<b>21,306</b>

# Shellharbour City Council

## Special Purpose Financial Statements

for the year ended 30 June 2017

### Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	8
2	Water Supply Business Best-Practice Management disclosure requirements	n/a
3	Sewerage Business Best-Practice Management disclosure requirements	n/a

## Shellharbour City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

#### Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

#### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to

activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, return on investments (rate of return), and dividends paid.

#### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

##### Category 1

*(where gross operating turnover is over \$2 million)*

##### a. The Links

*Provision of golf and other entertainment facilities*

##### Category 2

*(where gross operating turnover is less than \$2 million)*

##### a. Nursery

*Sale of plants to public*

##### b. Caravan Park

*Provision of accommodation facilities*

##### c. Illawarra Regional Airport

*Provision of airport related facilities*

#### Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars.

#### (i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-

## Shellharbour City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

#### Note 1. Significant accounting policies (continued)

nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

#### **Notional rate applied (%)**

Corporate income tax rate – 30%

#### **Income tax**

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%..

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

#### **Local government rates and charges**

A calculation of the equivalent rates and charges has been applied to all land assets owned or exclusively used by the business activity.

#### **Loan and debt guarantee fees**

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### **(ii) Subsidies**

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

#### **(iii) Return on investments (rate of return)**

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

## Shellharbour City Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

#### Note 1. Significant accounting policies (continued)

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The rate of return is calculated as follows:

**Operating result before capital income + interest expense**

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**Written down value of I,PP&E as at 30 June**

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.38% at 30/6/17.

#### **(iv) Dividends**

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.



**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial statement**  
**Shellharbour City Council**

To the Councillors of Shellharbour City Council

### **Opinion**

I have audited the accompanying special purpose financial statements (the financial statements) of Shellharbour City Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- The Links
- Nursery
- Caravan Park
- Illawarra Regional Airport

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

### **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to Note (1) to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

## **Other Matter**

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 28 September 2016.

## **The Councillors' Responsibility for the Financial Statements**

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Chris Clayton  
Director, Financial Audit Services

20 October 2017  
SYDNEY

# Shellharbour City Council

SPECIAL SCHEDULES  
for the year ended 30 June 2017

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A City of Vision



# Shellharbour City Council

## Special Schedules

for the year ended 30 June 2017

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<b>Special Schedule 3</b>	Water Supply Operations – incl. Income Statement	n/a
<b>Special Schedule 4</b>	Water Supply – Statement of Financial Position	n/a
<b>Special Schedule 5</b>	Sewerage Service Operations – incl. Income Statement	n/a
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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 8).

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#### Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
  - the Australian Bureau of Statistics (ABS),
  - the NSW Office of Water (NOW), and
  - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
  - the incorporation of Local Government financial figures in national statistics,
  - the monitoring of loan approvals,
  - the allocation of borrowing rights, and
  - the monitoring of the financial activities of specific services.

## Shellharbour City Council

Special Schedule 1 – Net Cost of Services  
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>1,046</b>	–	–	<b>(1,046)</b>
<b>Administration</b>	<b>18,826</b>	<b>5,069</b>	–	<b>(13,757)</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	1,449	292	165	<b>(992)</b>
Beach control	765	2	–	<b>(763)</b>
Enforcement of local government regulations	780	400	–	<b>(380)</b>
Animal control	348	78	–	<b>(270)</b>
Other	33	–	–	<b>(33)</b>
<b>Total public order and safety</b>	<b>3,375</b>	<b>772</b>	<b>165</b>	<b>(2,438)</b>
<b>Health</b>	<b>180</b>	<b>75</b>	–	<b>(105)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	43	25	–	<b>(18)</b>
Other environmental protection	1,124	147	–	<b>(977)</b>
Solid waste management	24,113	25,423	820	<b>2,130</b>
Street cleaning	391	–	–	<b>(391)</b>
Drainage	2,421	–	–	<b>(2,421)</b>
Stormwater management	375	608	–	<b>233</b>
<b>Total environment</b>	<b>28,467</b>	<b>26,203</b>	<b>820</b>	<b>(1,444)</b>
<b>Community services and education</b>				
Administration and education	483	34	–	<b>(449)</b>
Social protection (welfare)	793	57	–	<b>(736)</b>
Aged persons and disabled	118	(160)	–	<b>(278)</b>
Children's services	347	37	–	<b>(310)</b>
<b>Total community services and education</b>	<b>1,741</b>	<b>(32)</b>	–	<b>(1,773)</b>
<b>Housing and community amenities</b>				
Public cemeteries	338	269	–	<b>(69)</b>
Public conveniences	51	–	–	<b>(51)</b>
Street lighting	1,209	173	–	<b>(1,036)</b>
Town planning	3,006	2,904	23,058	<b>22,956</b>
Other community amenities	–	–	–	–
<b>Total housing and community amenities</b>	<b>4,604</b>	<b>3,346</b>	<b>23,058</b>	<b>21,800</b>

## Shellharbour City Council

Special Schedule 1 – Net Cost of Services (continued)  
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	1,985	226	–	(1,759)
Museums	92	–	–	(92)
Art galleries	27	–	–	(27)
Community centres and halls	1,159	121	–	(1,038)
Other cultural services	93	65	–	(28)
Sporting grounds and venues	2,051	262	–	(1,789)
Swimming pools	1,767	365	75	(1,327)
Parks and gardens (lakes)	5,411	47	188	(5,176)
Other sport and recreation	4,354	3,851	280	(223)
<b>Total recreation and culture</b>	<b>16,939</b>	<b>4,937</b>	<b>543</b>	<b>(11,459)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	3,569	957	75	(2,537)
Sealed rural roads (SRR) – local	111	–	–	(111)
Unsealed rural roads (URR) – local	33	–	–	(33)
Bridges on UR – local	153	–	–	(153)
Parking areas	236	–	–	(236)
Footpaths	841	–	–	(841)
Aerodromes	626	433	–	(193)
Other transport and communication	729	368	46	(315)
<b>Total transport and communication</b>	<b>6,298</b>	<b>1,758</b>	<b>121</b>	<b>(4,419)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	900	1,616	–	716
Other economic affairs	2,293	1,175	–	(1,118)
<b>Total economic affairs</b>	<b>3,193</b>	<b>2,791</b>	<b>–</b>	<b>(402)</b>
<b>Totals – functions</b>	<b>84,669</b>	<b>44,919</b>	<b>24,707</b>	<b>(15,043)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>52,200</b>		<b>52,200</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	<b>–</b>	<b>86</b>		<b>86</b>
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>84,669</b>	<b>97,205</b>	<b>24,707</b>	<b>37,243</b>

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges

(2) As reported in the Income Statement

## Shellharbour City Council

## Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
<b>Loans (by source)</b>											
Commonwealth Government	–	–	–							–	–
NSW Treasury Corporation	–	–	–							–	–
Other State Government	–	–	–							–	–
Public subscription	–	–	–							–	–
Financial institutions	466	3,521	<b>3,987</b>	14,597	636	–	–	204	1,251	16,697	<b>17,948</b>
Other	–	–	–							–	–
<b>Total loans</b>	<b>466</b>	<b>3,521</b>	<b>3,987</b>	<b>14,597</b>	<b>636</b>	<b>–</b>	<b>–</b>	<b>204</b>	<b>1,251</b>	<b>16,697</b>	<b>17,948</b>
<b>Other long term debt</b>											
Ratepayers advances	–	–	–							–	–
Government advances	–	–	–							–	–
Finance leases	–	–	–							–	–
Deferred payments	–	–	–							–	–
<b>Total long term debt</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total debt</b>	<b>466</b>	<b>3,521</b>	<b>3,987</b>	<b>14,597</b>	<b>636</b>	<b>–</b>	<b>–</b>	<b>204</b>	<b>1,251</b>	<b>16,697</b>	<b>17,948</b>

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

## Shellharbour City Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance <sup>a</sup>	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
<b>Buildings</b>	Buildings	544	1,089	1,715	1,787	50,322	99,875	13%	59%	26%	1%	1%
	<b>Sub-total</b>	<b>544</b>	<b>1,089</b>	<b>1,715</b>	<b>1,787</b>	<b>50,322</b>	<b>99,875</b>	<b>13.3%</b>	<b>58.8%</b>	<b>25.9%</b>	<b>0.9%</b>	<b>1.1%</b>
<b>Other structures</b>	Other structures	20	40	–	–	1,531	2,420	82%	8%	9%	2%	0%
	<b>Sub-total</b>	<b>20</b>	<b>40</b>	<b>–</b>	<b>–</b>	<b>1,531</b>	<b>2,420</b>	<b>81.6%</b>	<b>7.6%</b>	<b>9.2%</b>	<b>1.6%</b>	<b>0.0%</b>
<b>Roads</b>	Sealed roads	2,334	4,668	657	1,081	131,591	166,241	20%	59%	18%	3%	0%
	Unsealed roads	121	241	53	33	398	672	64%	0%	0%	36%	0%
	Bridges	504	1,007	5	4	7,976	11,042	49%	18%	23%	9%	0%
	Footpaths	630	1,261	325	390	36,039	49,078	43%	32%	23%	2%	0%
	Other road assets	72	143	283	248	15,454	20,351	52%	26%	21%	1%	0%
	<b>Sub-total</b>	<b>3,661</b>	<b>7,320</b>	<b>1,323</b>	<b>1,756</b>	<b>191,458</b>	<b>247,384</b>	<b>28.7%</b>	<b>48.8%</b>	<b>19.6%</b>	<b>2.8%</b>	<b>0.1%</b>

## Shellharbour City Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2016/17 Required maintenance <sup>a</sup>	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	4,295	8,591	359	453	172,064	247,344	28%	38%	30%	3%	1%
	<b>Sub-total</b>	<b>4,295</b>	<b>8,591</b>	<b>359</b>	<b>453</b>	<b>172,064</b>	<b>247,344</b>	<b>27.5%</b>	<b>38.2%</b>	<b>30.5%</b>	<b>2.6%</b>	<b>1.2%</b>
Open space/recreational assets	Swimming pools	–	–	1,368	1,487	3,183	8,009	0%	50%	50%	0%	0%
	Other	131	262	4,578	4,982	6,610	13,221	0%	0%	0%	0%	100%
	<b>Sub-total</b>	<b>131</b>	<b>262</b>	<b>5,946</b>	<b>6,469</b>	<b>9,793</b>	<b>21,230</b>	<b>0.0%</b>	<b>19.0%</b>	<b>18.8%</b>	<b>0.0%</b>	<b>62.3%</b>
Other infrastructure assets	Other Airport Runway	–	–	54	112	5,302	6,139	52%	43%	4%	0%	0%
	Other	–	–	–	–	1,425	1,477	42%	35%	4%	0%	19%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>54</b>	<b>112</b>	<b>6,727</b>	<b>7,616</b>	<b>50.4%</b>	<b>41.6%</b>	<b>4.3%</b>	<b>0.0%</b>	<b>3.8%</b>
	<b>TOTAL – ALL ASSETS</b>	<b>8,651</b>	<b>17,302</b>	<b>9,397</b>	<b>10,577</b>	<b>431,895</b>	<b>625,869</b>	<b>25.3%</b>	<b>44.9%</b>	<b>24.6%</b>	<b>2.3%</b>	<b>2.9%</b>

## Notes:

a Required maintenance is the amount identified in Council's asset management plans.

## Infrastructure asset condition assessment 'key'

1	<b>Excellent</b>	No work required (normal maintenance)
2	<b>Good</b>	Only minor maintenance work required
3	<b>Average</b>	Maintenance work required
4	<b>Poor</b>	Renewal required
5	<b>Very poor</b>	Urgent renewal/upgrading required

## Shellharbour City Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2017

\$ '000	Amounts	Indicator	Benchmark	Prior periods	
	2017	2017		2016	2015
<b>Infrastructure asset performance indicators * consolidated</b>					
<b>1. Infrastructure renewals ratio</b>					
Asset renewals <sup>(1)</sup>	<u>22,269</u>	<b>232.67%</b>	>= 100%	118.81%	40.03%
Depreciation, amortisation and impairment	<u>9,571</u>				
<b>2. Infrastructure backlog ratio</b>					
Estimated cost to bring assets to a satisfactory standard	<u>8,651</u>	<b>2.00%</b>	< 2.00%	2.11%	2.30%
Net carrying amount of infrastructure assets	<u>431,895</u>				
<b>3. Asset maintenance ratio</b>					
Actual asset maintenance	<u>10,577</u>	<b>1.13</b>	> 1.00	1.08	0.92
Required asset maintenance	<u>9,397</u>				
<b>4. Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<u>17,302</u>	<b>2.76%</b>		0.00%	
Gross replacement cost	<u>625,869</u>				

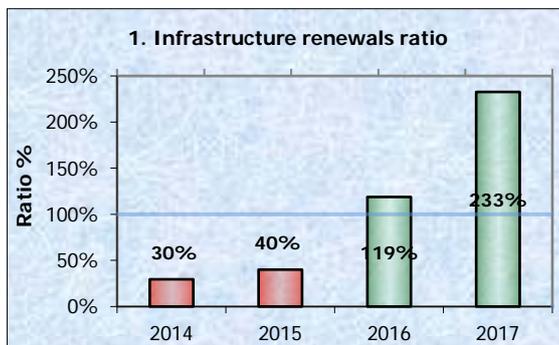
## Notes

\* All asset performance indicators are calculated using the asset classes identified in the previous table.

(1) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

# Shellharbour City Council

## Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2017



### Purpose of asset renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

### Commentary on 2016/17 result

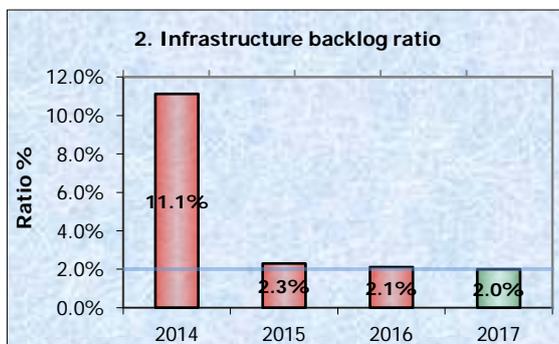
**2016/17 Ratio 232.67%**

The result for 2016/17 is more than double the minimum benchmark of 100%. The outperformance can be attributed to a large amount of renewal expenditure associated with a major capital project. This is in addition to Council's recurring annual renewal program.

Benchmark: 100.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
Ratio is outside benchmark



### Purpose of infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

### Commentary on 2016/17 result

**2016/17 Ratio 2.00%**

Council's infrastructure backlog has again declined this financial year as renewal funding levels continue to remain high. This result is also confirmed through Council meeting the benchmark for this Fit for the Future ratio.

Benchmark: 2.00%

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
Ratio is outside benchmark



### Purpose of asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

### Commentary on 2016/17 result

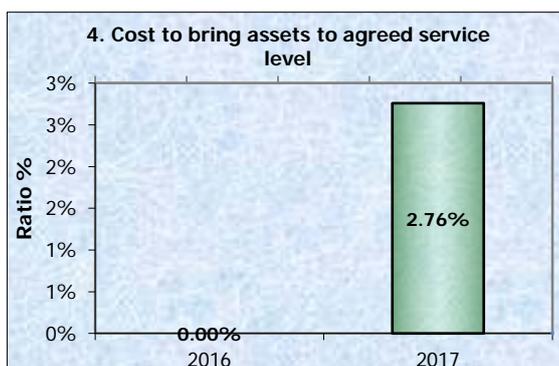
**2016/17 Ratio 1.13 x**

Council's result for 2016/17 meets the benchmark for this ratio as levels of maintenance expenditure remains above the required levels.

Benchmark: 1.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark  
Ratio is outside benchmark



### Purpose of agreed service level ratio

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

### Commentary on 2016/17 result

**2016/17 Ratio 2.76%**

This ratio result confirms that the level of outstanding infrastructure renewal works is minimal when compared to the gross value of Council's infrastructure assets.

## Shellharbour City Council

## Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	39,036	43,185
Plus or minus adjustments <sup>(2)</sup>	b	306	955
<b>Notional general income</b>	c = (a + b)	<b>39,342</b>	<b>44,140</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d	10.00%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	3,934	–
Or plus rate peg amount	i = c x e	–	662
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
<b>Sub-total</b>	k = (c + g + h + i + j)	<b>43,276</b>	<b>44,802</b>
Plus (or minus) last year's carry forward total	l	0	47
Less valuation objections claimed in the previous year	m	(44)	–
<b>Sub-total</b>	n = (l + m)	<b>(44)</b>	<b>47</b>
<b>Total permissible income</b>	o = k + n	<b>43,232</b>	<b>44,850</b>
Less notional general income yield	p	43,185	44,761
<b>Catch-up or (excess) result</b>	q = o – p	<b>47</b>	<b>89</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	–	22
Less unused catch-up <sup>(5)</sup>	s	–	–
<b>Carry forward to next year</b>	t = q + r – s	<b>47</b>	<b>111</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



## INDEPENDENT AUDITOR'S REPORT

### Special Schedule No. 8

### Shellharbour City Council

To the Councillors of Shellharbour City Council

#### Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Shellharbour City Council (the Council) for the year ending 30 June 2018.

In my opinion, Special Schedule No. 8 of Shellharbour City Council for 30 June 2018 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

#### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Emphasis of Matter - Basis of Accounting**

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

## **Other Matter**

Special Schedule No.8 of the Council for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 28 September 2016.

## **Councillors' Responsibility for Special Schedule No. 8**

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

## **Auditor's Responsibility for the Audit of Special Schedule No. 8**

My objectives are to:

- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at [http://www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

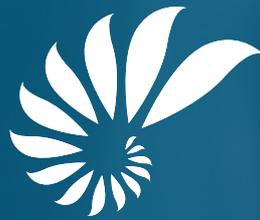
My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Chris Clayton  
Director, Financial Audit Services

20 October 2017  
SYDNEY



Shellharbour  
CITY COUNCIL

**State of the  
Environment Report  
2011-2017**



# Introduction

The Integrated Planning and Reporting (IPR) framework requires the preparation of State of the Environment Reports that provide information to the community on the achievement of environmental Objectives and Strategies within Council's Community Strategic Plan (CSP) 2013-2023. This approach differs to previous State of the Environment Report requirements in that a comprehensive report is submitted every 4 years to align with Local Government elections and a supplementary report each year in between an election.

State of Environmental Reports (SoE's) prepared under the IPR are required to be submitted every four years subsequent to each local government election, which in the case of the Shellharbour Local Government Area (LGA), was held on 8th September 2017. Due to the proposed merger between Shellharbour and Wollongong Councils, local government elections were held over until the merger process was finalised. On 14 February 2017 the merger proposal was removed. Council were then required to prepare a State of the Environment Report (SoE) to accompany the 2016/2017 Annual Report. Our last SOE was prepared in 2011/2012.

This SoE has been prepared in accordance with Guidelines for the preparation of Statement of Environmental Reports under the IPR produced by LG NSW. Environmental data and highlights are also reported in Council's 2016/2017 annual report and 2011- 2017 End of Term Report. Exerts from both reports are replicated here in order to compare data over the last 6 years. Where environmental indicators are present, data is presented from 2012/2013 and 2016/2017. An explanation of result trends has been provided where relevant. Where additional data is available it has also been included to provide a comprehensive representation and single document to reflect the State of the Environment in Shellharbour.

## Community Strategic Plan

The Shellharbour 2013 – 2023 CSP includes 4 pillars – Community, Environment, Economy and Leadership. The Objectives and Strategies under the Environment pillar are:

environment	<p><b>OBJECTIVE</b>  <b>2.1 Protects and promotes its natural environment</b></p> <p><b>STRATEGIES</b></p> <p>2.1.1 Manage catchments effectively to improve the cleanliness, health and biodiversity of creeks, waterways and oceans</p> <p>2.1.2 Deliver projects which work towards the protection of biodiversity in our natural areas</p> <p>2.1.3 Demonstrate leadership on environmental planning and management</p> <p>2.1.4 Facilitate community involvement in caring for the natural environment</p>
	<p><b>OBJECTIVE</b>  <b>2.2 Practices sustainable living</b></p> <p><b>STRATEGIES</b></p> <p>2.2.1 Undertake community education on best practice environmental sustainability and management of climate change</p> <p>2.2.2 Operate effective and sustainable waste management for the city</p> <p>2.2.3 Reduce our ecological footprint</p>
	<p><b>OBJECTIVE</b>  <b>2.3 A liveable City that is connected through places and spaces</b></p> <p><b>STRATEGIES</b></p> <p>2.3.1 Establish the Shellharbour Civic Centre as a vibrant civic, commercial and cultural precinct</p> <p>2.3.2 Undertake all land use planning addressing social, economic and environmental principles whilst reflecting the current and future community's needs</p> <p>2.3.3 Promote innovative and flexible transport systems that provide convenient and sustainable movement</p> <p>2.3.4 Facilitate the provision of development that meets the changing needs and expectations of the community</p> <p>2.3.5 Recognise, protect and celebrate our heritage</p> <p>2.3.6 Deliver sustainable management of the community's assets for current and future generations</p>

A number of Actions and subsequent Tasks are set in order to meet each Strategy.

# Highlights from 2011 – 2017 include:

- Won the Keep NSW Beautiful Award for the Growing Minds Greening Communities Education Program
- Adopted the Shellharbour Coastal Zone Management Plan that aims to assist how we plan the use of the land that fringes our coastline
- Progressed Council's Floodplain Management Program with the adoption of various Flood Studies and Floodplain Risk Management Studies and Plans for catchments across the City
- Adopted the Illawarra Regional Food Strategy
- Implemented the Food Organics Garden Organics (FOGO) system
- Delivered sustainability education programs and activities to over 10 900 community and staff members
- Completed the Stormwater Coaches Program, developed in partnership with Illawarra Environmental Education Centre, delivering stormwater education to 76 classes from 15 primary schools
- Received over \$400 000 in grant funding for natural areas conservation projects
- Revamped the Dunmore Revolve Centre where pre-loved items can be delivered along with a new studio – The Tinkerage' holding monthly workshops on how to reuse and repair household items
- Commenced the Dunmore Resource Recovery redevelopment including the construction of a new transfer station and organics processing facility capable of accepting food waste.

This report highlights how Council is performing against a number of environmental indicators as well as programs and initiatives implemented over the last 6 years to improve environmental performance.

This report is grouped in 8 areas:

1. Environmental Leadership
2. Sustainability Education
3. Water
4. Biodiversity
5. Energy
6. Waste
7. Land Use
8. Air quality

# 1. Environmental Leadership



In 2012 Council began the implementation of a formal Environmental Leadership framework, aimed at engaging all members of the organisation to become more environmentally aware, skilled and focused on delivering sound environmental outcomes.

The framework establishes a collaborative network that is driven by staff and supported by senior management. Staff working in cross organisational project teams investigate issues and develop recommendations for improvement that will not only address environmental performance but will also deliver benefits of increased operational efficiency and lower operational costs. Issues investigated over the last 4 years include sustainable events, paper use and reuse, sustainable office stationary, car pooling, organic waste, use of reusable bags and environmental reporting.

Other ongoing leadership tasks include the supply and use of sustainable serving ware at Council events, encouraging carpooling through Council's intranet site and the upgrading of Council's fleet e-tags.

Highlights included a regional 'Connecting Over Fair Food' event, staff Spring Planting Days, a 'Boomerang Bag' making session as well as participation and promotion of Clean Up Australia Day and Earth Hour.

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## Environmental Reporting

Under Council's Environmental Leadership program, investigations were conducted into the range of environmental indicators being used to monitor environmental performance and to identify any gaps in the information currently being collected.

The inclusion of more comprehensive environmental data into the Annual report and End of Term Report will provide a stronger mechanism to review Council and the Communities environmental performance and assess the adequacy of our existing actions in conjunction with the development of future budgets and Operational Plans.

Data gathering for new indicators began in 2016/2017, with additional data now being captured across a variety of environmental areas including water pollution, illegal dumping, threatened species, bush regeneration, waste and emissions.

Future state of the environment reports will include comparison with the 2016/2017 baseline data.

**New environmental indicators are included throughout this report and are illustrated with green highlighted text.**

# 2. Sustainable Shellharbour education program



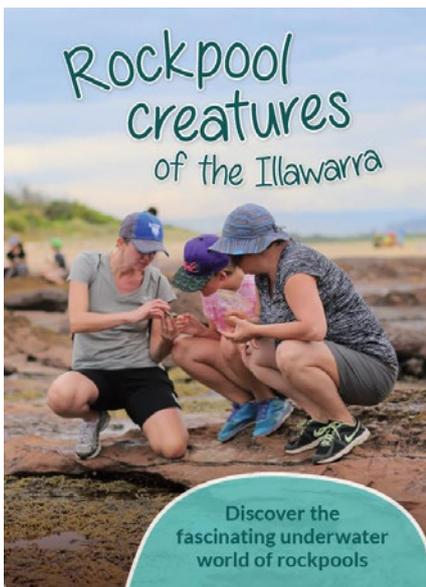
sustainable shellharbour

Sustainable Shellharbour is a vibrant sustainability education program that actively engages local residents in achieving the Shellharbour City Community Strategic Plan 2013 – 2023 environment objective ‘Practices sustainable living.’

The Sustainable Shellharbour walks, talks and events have proven to be very popular in the community. A monthly newsletter is distributed to over 1,000 subscribers and a variety of workshops have reached over 10,900 people between 2011 and 2017. Highlights of the program include the development of Illawarra specific education guides including butterflies, birds, fungi, rockpool creatures and frogs. Facilitated walks in the local area introduced the community to the natural, Aboriginal and European history of Windang Island, after dark creatures at Blackbutt Reserve, life in the rockpools, mysterious fungi, and the world of native bees.

## Rockpool creatures of the Illawarra

Council’s Environment team have developed the ‘Rockpool Creatures of the Illawarra’ brochure. The brochure was produced in response to requests from the community that resulted from significant interest in Council’s various rockpool exploring activities. The brochure was launched on Council’s website and in a display at Council’s administration building. Over 1,000 printed copies have been distributed, with positive feedback received on the content. Council also conduct regular rockpool tours which always book out to full capacity.



## National Pollinator Week

Council's Environment team partnered with the Libraries team to deliver a National Pollinator Week activity at Warilla library in 2016. National Pollinator week aims to raise awareness of the importance of bees and other pollinators for food production and the health of our environment. The activity involved local author Jody Cauduro storytelling her new book *While Mandy Waited*, a celebration of the seasons and the important role native and honeybees play in supporting the creation of our fresh food. A craft activity about native bees was also involved and positive feedback received from participants.

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## Windang Island Walks

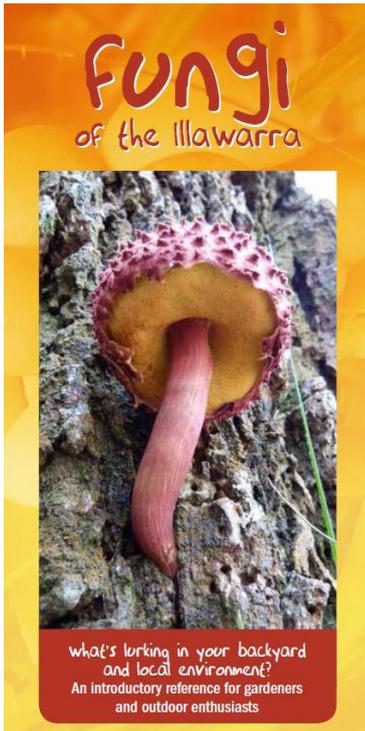
Tours of Windang Island and surrounds began in 2015 when the care and control of Windang Island was transferred to Council from the Lake Illawarra Authority. Tours have proved extremely popular with over 120 community members and staff taking part in guided walks to discover the amazing Aboriginal, European and Natural history of the island.



## Fungi of the Illawarra

A new brochure was designed to give the community a glimpse into the unique and diverse world of fungi and highlight some examples of common local fungi. Community interest in the brochure was high, with extensive media coverage and numerous requests received for hardcopies.

To coincide with the launch of the brochure, a fungi workshop for staff and the community was organised with ecologist Alison Pouliot. The workshop proved very popular and was fully booked out within days of advertising. All surveyed participants found the activity increased their knowledge about local fungi. Positive feedback was received for both the brochure and workshop.



## Fair Food Week

In celebration of National Fair Food Week a 'Connecting Over Fair Food' event was held in October 2016. Organised in partnership with Food Fairness Illawarra and Wollongong and Kiama Councils, the event engaged over 130 people. The night involved a series of short talks from 12 local fair food champions from across the Illawarra, fair food displays including a Sustainable Shellharbour display featuring veggies and fruit trees from Council's nursery, and catering sourced from local fair food providers. Costa Georgiadis, host of the ABC Gardening Australia program and a well-known advocate for fair food, made a special guest appearance. The event was filled to capacity with a waiting list of over 50 people and much positive feedback was received from participants at the event.



## Growing Minds Greening Communities

Growing Minds Greening Communities (GMGC) was a two-year sustainability education program assisted by the NSW Environmental Trust involving staff, families and children from 21 Shellharbour City childcare centres. This program, which concluded in April 2015, aimed to address waste minimisation, water and energy consumption, biodiversity conservation and sustainable food production within child care centres and households. The project also aimed to provide children with a series of activities and experiences to develop respect, care and appreciation for the natural environment. In July 2014, GMGC won the Keep NSW Beautiful Environmental Education Award which recognised exemplary environmental education which motivates environmental actions.

To mark the end of the GMGC program, Council developed a Sustainability Resource Kit to assist and inspire centres both within the Shellharbour LGA and beyond to continue their sustainability journey.

This easy to use resource contains a range of sustainability tips and case studies from participating centres including simple low cost initiatives as well as some more complex higher effort actions.



## Small Environmental Projects Fund

Council's small environmental projects fund provides funding for not-for-profit community groups, organisations and educational institutions to undertake small environmental projects in the Shellharbour LGA.

Thirty-one projects have been funded under the program since 2011/2012 including:

- CAPAH Multicultural Association Incorporated sustainable food gardening
- Illawarra Home Schooling Network's educational gardening and sustainable food classes
- Shell Cove Public School bush tucker garden
- St Pauls Catholic School rain water tank
- Warilla Baptist School 'Embracing the Environment' Program

# 3. Water

CSP action	Indicator	2012/2013 result	2016/2017 result
2.1.1.1 Develop, implement and measure environmental management programs for waterway health	Suitability of the following beaches and lakes for swimming and other recreational activities: North Shellharbour Warilla Lake Illawarra Entrance	Good Good Fair	Good Good Fair
	Average compliance across the LGA in relation to:		
	Bacteriological Nutrients Physiochemical	70% 60% 78%	82.5% 69% 70%
	<b>Ensure GPTs are maintained and cleaned</b>		
	<b>Number of GPT's cleaned Tonnes of waste removed</b>	<b>N/A N/A</b>	<b>37 135.21</b>
2.2.3.1 Monitor and report on actions implemented to reduce our ecological footprint	<b>Volume of non potable water extracted from Myimbarr wetland</b>	<b>N/A</b>	<b>8.28ML</b>
	Water consumption (kL) (Utilities data)	5,082,584	5,249,581 (15/16 data)
	<b>Length of unsealed road in the LGA (km)</b>	<b>N/A</b>	<b>6.12</b>



## Beachwatch

The NSW Government Beachwatch program routinely monitors bacterial levels at the entrance to Lake Illawarra, Warilla and Shellharbour North Beaches.

All three swimming locations are consistent over the last 6 years and have been assessed as being generally suitable for swimming. Shellharbour and Warilla beaches routinely achieve the highest possible ratings while the Lake Illawarra Entrance lagoon, experiencing a slightly lower rating, remained suitable for swimming. The Lake Entrance lagoon traditionally experiences slightly poorer water quality due to the limited flushing in this location.

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## Stormwater monitoring

Quarterly water quality sampling is conducted at sites located along major waterways and water bodies including Elliott Lake, Bensons Creek, Tongarra Creek, Horsley Creek, Oakey Creek, Myimbarr and Dunmore wetlands and Macquarie Rivulet. Water quality results are assessed against the Australian and New Zealand Guidelines for Fresh and Marine Water Quality (ANZECC).

The water quality tests are conducted for nutrients, bacteriological and physiochemical parameters. Over the previous 6 years, varied results have been experienced, with many non-compliance results attributable to long dry weather periods and warmer weather experienced in recent times. During these periods of dry weather, waterways often experience a decline in water quality due pollutants accumulating and not being flushed by rainfall.

## Smartmeter installation

Smart Meters have been installed at various Council facilities to detect water leaks which has potentially saved Council over \$1.2 million and reduced water consumption by over 645 kL which is equivalent to around 258 Olympic size swimming pools.



## Myimbarr water extraction

Council received a licence from the NSW Office of Water to extract a maximum of 13 ML of water from Myimbarr wetland. The aim of water extraction is to irrigate the adjacent Myimbarr sporting fields. The licence is provisional on a minimum water depth to ensure downstream flows are not affected.

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## Unsealed roads

A new indicator has been introduced to measure the length of Council unsealed roads to assist in documenting impacts on water quality from sediment runoff. Comparison of data from 2015/2016 shows a decrease of 6.99 kilometres over the last 12 months. The reduction in length was due to a Roads to Recovery grant that allowed us to restore and seal approximately half the network which will lead to improved water quality, especially in rural areas.

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## Dunmore Recycling Waste Disposal Depot groundwater monitoring

Environmental monitoring is undertaken on a quarterly basis at the Dunmore Recycling Waste Disposal Depot, in accordance with Environment Protection Licence (EPL) No. 5984. The monitoring includes sampling groundwater bores, a leachate pond, surface water bodies, a dust gauge and landfill gas at the landfill surface to detect any potential impacts of landfilling activities on the environment. Groundwater behaviour across the site since the commencement of quarterly monitoring in 1992 has been generally consistent.

## Floodplain Management Program

Flood prone land is managed by Council in accordance with the NSW Government's Flood Prone Land Policy and Floodplain Development Manual (2005). The NSW Government provides annual grant funding to support Councils with their floodplain management programs. This grant funding is based on a 2:1 funding agreement, with the NSW Office of Environment and Heritage providing \$2 for every \$1 contributed by Council.

Following the devastating flooding experienced in March 2011, which resulted in considerable traffic disruption, damage to property and infrastructure, injuries and a fatality, Council has been successful in securing \$623,793 in grant funding. This funding has been used to progress Council's Floodplain Management Program, which includes the preparation of Flood Studies and Floodplain Risk Management Studies and Plans for catchments across the City. The risk management plans enable Council to implement strategies to better manage the flood risk within the City.

Since June 2011, Council has undertaken extensive data collection. This has included community newsletters and questionnaires distributed to owners and occupiers of property within four separate study areas to gather flood information and the community's views on flood risks and potential mitigation options. Council has also engaged surveying consultants to gather an extensive amount of survey data for use in building hydrologic and hydraulic models, including an aerial laser survey (ALS), bathymetry surveys, creek cross section surveys, structure data (including bridges and culverts) and recorded flood levels. Council has engaged specialist consultants to gather flood modelling data to calibrate and validate hydrologic and hydraulic models that replicate flood behaviour in the catchment and has used these models to assess floodplain risk management strategies. Council undertook extensive amounts of community consultation in 2016 and 2017 when a number of draft flood studies and draft floodplain risk management studies were publically exhibited.

The Elliot Lake - Little Lake Floodplain Risk Management Study and Plan was adopted by Council in October 2016 and the Horsley Creek Floodplain Risk Management Study and Plan was adopted by Council in February 2017. A flood study was also adopted for Macquarie Rivulet in April 2017. A flood study is also being prepared for the suburbs of Lake Illawarra, Mt Warrigal and Oak Flats.

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## Lake Illawarra Estuary Management Committee

The Lake and its immediate surrounding environment were managed by the Lake Illawarra Authority from 1988 to 2014. In July 2014, the Authority was disbanded and its responsibilities were transferred to Shellharbour and Wollongong councils and a number of State Agencies.

Actions in both Shellharbour and Wollongong LGA's have an impact on the health and condition of Lake Illawarra and both councils have agreed to collaborate to ensure the judicious management of the Lake and its surrounds into the future. The Lake Illawarra Estuary Management Committee was formed in 2015.

The Committee is made up of elected officials from both Councils, State Government Agency representatives, independent scientific advisors as well as community and Aboriginal representatives.

The responsibilities and functions of the Lake Illawarra Estuary Management Committee are to:

- assist Shellharbour and Wollongong Councils to develop a Coastal Management Program for Lake Illawarra in accordance with the NSW Government guidelines;
- develop a better understanding of estuary health and identify issues which need to be addressed;
- assist in developing suitable strategies to address estuary and coastal zone management issues;
- monitor and evaluate the implementation of the Coastal Management Program; and
- provide advice on planning proposals and major capital works proposed to take place in the Lake Illawarra catchment.

The Coastal Management Program will guide the future management of the lake and its catchment area and is due for completion in 2018.

# 4. Biodiversity

CSP Action	Indicator	2012/2013 result and source	2016/2017 result
2.1.4.3 Manage Parkcare, Bushcare and Landcare groups	Number of bushcare, landcare and parkcare groups	6	8
	Number of working bees	100	143
	Number of volunteer hours in bushcare, landcare and parkcare groups	1700	3091
	Number of people who participated in Councils environmental activities	2840	2473
	Number of trees donated	N/A	2090

There are 15 Threatened Ecological Communities listed under the NSW Threatened Species Act in Shellharbour LGA. Four of these communities are also listed under the Commonwealth Environment Protection Biodiversity Conservation Act.

One Endangered Plant Population, the Eastern Flame Pea, *Chorizema parviflorum*, is located in the LGA.

There are 12 known threatened plants in the LGA and 35 known locations of threatened fauna. A wide variety of protected migratory birds also visit our shores throughout the year.

There are three wetlands in the Shellharbour LGA which are recognised as nationally important in the Directory of Important Wetlands in Australia (2001):

- Lake Illawarra
- Killalea Lagoon
- Minnamurra River estuary (including Dunmore swamp)

Five wetlands in the LGA are given special protections under the State Environmental Planning policy No. 14 (Coastal Wetlands), being:

- Killalea Lagoon
- Minnamurra River estuary (including Dunmore swamp)
- Albion Park Aerodrome
- Koono Bay
- Picnic and Werrang Islands



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## Bush Regeneration

Twelve sites within the LGA undergo regular bush regeneration activities by volunteers and council staff. A number of grant funded projects continue to be implemented with over \$400 000 sourced in grant funding over the reporting period which has assisted protection of threatened species, endangered populations and ecological communities.

A variety of volunteer, community and not for profit groups contribute to bush regeneration works across our City including Access community group, Youth off the Streets, Illawarra Local Aboriginal Land Council, Conservation Volunteers Australia and the Green Army.

## National Tree Day

National Tree Day is held every year with school and community groups planting over 15 000 trees over the last 6 years. All plants planted as part of National Tree Day celebrations are grown by Council staff from locally collected seed.



## Management Plan development and implementation

Ecological and Bushfire Plans of Management have been developed for 13 Reserves and 5 Wetlands. Dune and Estuary Plans of Management for Elliot Lake and Shellharbour North, South and Warilla Beaches guide the strategic implementation of on-ground works.

The plans guide on ground bush regeneration works and are reviewed internally every year, with comprehensive reviews undertaken every 5 years.

## Threatened Species Monitoring

Threatened plant species monitoring conducted throughout the year targeted the Illawarra Greenhood Orchid, Pink Rice Flower, White Flowered Wax Plant and Eastern Flame Pea. Grant funding has been gained from the NSW Office of Environment and Heritage to improve the habitat of the species by reducing weeds and preventing illegal dumping. Council continues to liaise with the Noxious Weeds Authority to manage noxious weeds in the Local Government Area. Additionally, a new location of the endangered population of the Eastern Flame Pea (*Chorizema Parviflorum*) was found this in 2016/2017.

Monthly monitoring was conducted of the grey-headed flying-fox camp located at Blackbutt Reserve. This enables Council to record changes to the camp size and distribution in response to seasonal variations.



# 5. Energy

CSP Action	Indicator	2012/2013 result	2016/2017 result
2.2.3.1 Monitor and report on actions implemented to reduce our ecological footprint	<b>Solar power generation at Council works depot MWH</b>	<b>N/A</b>	<b>26.78</b>
	Facilities energy usage (GJ) (Utilities data)	14 499	9 499
2.2.3.4 Continue to manage and enhance the gas extraction system at the Dunmore Recycling & Waste Disposal Depot	Reduce emissions from Dunmore Recycling and Waste Disposal depot to less than 25 000 tonne CO2e-	33 640	16 373

## Landfill gas extraction

The landfill gas extraction system at the Dunmore Recycling & Waste Disposal Depot actively extracts methane via a series of lateral and vertical wells within the landfill. The methane is directed to the flare at the site and is converted to carbon dioxide.

Extensions of the gas extraction system was increased later in 2016/2017 with the installation of 11 new vertical wells and the reconnection of five existing wells that were decommissioned due to works associated with the reshaping of the batters of Cell 1 and Cell 3.

## Solar hot water

In 2013/2014 Solar hot water installations funded under the Local Government Energy Efficiency Program were completed at Shellharbour Pool, Shellharbour Beachside Tourist Park caretakers residence, Terry Reserve and Oak Flats Pool.

## Solar Power

In 2011/2012 a 35 kilowatt system was installed at Oak Flats Works Depot which allows Council to convert energy from the sun into electricity for use within the Depot, significantly reducing the amount of electricity required from coal-fired sources. The system generates approximately 50,000 kilowatt hours of electricity annually, enough to power 7 average NSW homes. The system has produced over 26 780 kilowatts of electricity. One inverter has been functioning below expectations however this has now been rectified.



## Council fleet management

The maintenance of the agreement to partner with Toyota Fleet Management has allowed Council to reduce its environmental footprint with Toyota vehicles' proven record in fuel efficiency, emission reduction and recycling. The agreement on all purchases of plant and equipment includes criterion to consider the environmental credentials and the impact on the environment allowing us to continually reduce the effect of the fleet. All purchases of plant and equipment has a criteria to consider their environmental credentials and impact on the environment allowing us to continually reduce the impact of the fleet.

# 6. Waste

CSP Action	Indicator	2012/2013 result	2016/2017 result
2.2.2.1 Provide waste collection and management services to the community	Tonnes of waste collected	106.34	157.49
	Waste collected by household – kg per person per year	196	183
	Recycling collected by household – kg per person per year	96	100
	Organics collected by household – kg per person per year	105	168
	Resource recovery rate %	50.5	60

We continue to implement our Strategic Waste Management Plan through the introduction of a number of initiatives and programs to reduce the amount of waste to landfill and to increase recycling across the City. Key programs are underway to increase recycling, and increase resource recovery of materials used. Current efforts have resulted in Council achieving a recovery rate of approximately 60%.

## Food Organics Garden Organics (FOGO)

A key initiative implemented has been the Food Organics Garden Organics (FOGO) kerbside collection system. As part of the community engagement strategy, Waste Services engaged with over 700 residents at 28 community BBQs as well as partnered with Youth Services to educate over 750 Year 6 students in FOGO as part of the annual Day of Silly Hats (DOSHS) program. In the twelve months since inception on 1 July 2016, FOGO has increased organics collections at the kerbside by 2851 tonnes and reduced the amount of waste going to landfill by 2048 tonnes.



## Reverse Vending Machine

With the aim to increase recycling and divert waste to landfill, a Reverse Vending Machine was installed at Stockland Shellharbour in 2014. The Reverse Vending Machine allows shoppers to insert their empty cans or PET drink bottles and redeem rewards from local businesses. This is an exciting local initiative that rewards residents for recycling the right way. Since its installation, in excess of 14,735 aluminium cans and 25,593 PET bottles have been recycled, which may have otherwise gone to landfill. The amount of energy saved would run a 100W lightbulb for approximately 132 years.

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## Regional Illegal Dumping Program

Council Rangers delivered the Littering and Illegal dumping strategies as part of the Environment Protection Authorities Regional Illegal Dumping Program (RID) with Rangers handing out littering bags, stickers and information cards and speaking with people on the issues of littering/dumping in our environment. All reports of illegal dumping have been entered into the online RID database which assists in identifying dumping hot spots within the Local Government Area. Surveillance cameras and signage have also been utilised as part of investigations. These have had a positive effect in reducing dumping and have resulted in offenders receiving fines for littering and dumping.



# 7. Land use planning and management

## Planning for our City

Our Local Environment Plan (LEP) and Development Control Plan (DCP) are key planning documents for the development of our City. The Shellharbour LEP 2013 is in line with the State Government's standard LEP template and legislative changes.

We undertook a two staged review and consultation process for the Shellharbour LEP 2013. The first stage involved a number of background studies prepared between 2008 and 2010, followed by public exhibition and statutory consultations in 2011. The LEP was adopted by Council and submitted to the Department of Planning and Infrastructure for gazettal. It became effective in April 2013 and is the culmination of significant community consultation and input into the Council policy that regulates land use within our City.

There have been 18 amendments since the introduction of Shellharbour LEP 2013. These have ranged from rezoning rural land to residential and including additional land uses on certain properties that would otherwise be prohibited.

The Shellharbour DCP has been prepared in the new comprehensive DCP structure, consistent with the State Government's legislative changes. The DCP contains detailed planning and design guidelines for new development and supports the statutory planning controls of the Shellharbour LEP. The DCP was adopted by Council and became effective in June 2013. The DCP superseded and repealed 38 former DCPs and associated policies.

The first review of the DCP was finalised in 2016 and include about 48 changes. These ranged from clarifying objectives to incorporating the relevant parts of the Aboriginal Culture and Heritage Development Assessment Toolkit.

Following on from the implementation of new planning documentation, Town Centre Plans for suburbs around the City have been developed. Town centre plans are prepared to inform guidelines for development and future improvements in our town centres. Good town centres provide a community heart by catering for essential activities related to employment, business, shopping and entertainment and are therefore important in supporting local economies and social fabric. Following highly successful community engagement campaigns, Town Centre Plans have been developed for Albion Park, Shellharbour Village, Oak Flats and Warilla.

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## Coastal Zone Management Plan

Shellharbour has around 7 kilometres of coastline and most of that is fringed by urban development, such as car parks, public reserves and housing. Coastal processes such as waves can affect this land. To assist us plan how this important strip of land is used, Council have investigated coastal process and how that may affect the land. The draft Shellharbour Coastal Zone Management Plan was placed on public exhibition and a public information evening was held. A number of submissions were received and the plan was finalised and reported to Council for adoption on the 28 February 2017. Subsequently, following the adoption of the Plan it was then submitted to the Minister for certification.

# 8. Regional Air Quality

The Regional Air Quality Index (RAQI) is based on measured concentrations of Ozone, Nitrogen dioxide, visibility, Carbon monoxide, Sulfur dioxide and air particles. Readings are taken from a number of sites across the Illawarra region and averaged to give the RAQI for the Illawarra. RAQI results for the Shellharbour LGA have been collated from the Environmental Protection Authority website, and are outlined below.

	<b>Very Good</b> 0-33	<b>Good</b> 34-66	<b>Fair</b> 67-99	<b>Poor</b> 100-149	<b>Very Poor</b> 150-199	<b>Hazardous</b> 200+
<b>2012/2013</b>	65	264	34	3	0	0
<b>2016/2017</b>	39	267	46	13	0	0

A number of small fires were reported by the RFS, with 2 larger events at Croom Reserve in October 2016 with over 6 hectares of bushland burnt.





Shellharbour  
CITY COUNCIL

# End of Term Report 2011-2017



Shellharbour  
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## End of Term Report 2011-2017

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Shellharbour  
CITY COUNCIL

**End of Term**  
Report 2011-2017

## OUR VISION

**In 2030, Shellharbour City is a dynamic City that values and celebrates the unique diversity of our people, places and environment. We are a connected community working together to create a safe, sustainable future that provides opportunities for all to achieve their potential.**



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017

# MESSAGE FROM THE MAYOR



**CR Marianne Saliba**  
Mayor, Shellharbour City

Council's End of Term Report 2011 – 2017 is a significant document in that it provides the community with a comprehensive review of Council's performance during its term. It also provides the next Council with important information to help it progress the development of Shellharbour City.

This Council built on the work of past Councils to progress major projects and achieve objectives identified in the Community Strategic Plan 2013-2023.

Highlights include the progression of major projects including: Shell Cove Project and commitment to retain Marina businesses for Council; Civic Centre; Warilla Branch Library; Dunmore Recycling and Waste Disposal Depot; Illawarra Regional Airport Development and securing an RPT provider (JETGO).

Other projects were: development of business plans to develop The Links into a sustainable profit-making business for Council; approving the Qantas 747 plane to the Historical Aircraft Restoration Society at Illawarra Regional Airport which attracted international news; and building on local tourism drawcards.

Council also delivered significant asset renewal projects funded by the Special Rate Variation (SRV) including: approximately 80 roads; stormwater renewal projects including pipe relines, headwall replacements and scour protection; sportsfields works including canteen upgrades, replacement and repairs to lighting. Building renewals included: replacement of Reddall Reserve amenities block; reconstruction of Albion Park Rural Fire Service station; Albion Park SES Building Refurbishment; roof replacements and repairs works at Roo Theatre in Shellharbour Village, and Shellharbour City Stadium.

These projects will deliver to Shellharbour City enviable community infrastructure and facilities. They will provide the community with state-of-the-art amenities and promote further economic development.

Council has also overseen reviews of the Local Environment Plan and Development Control Plan, to better meet the needs of a growing and diverse community, as well as developing Town Centre Plans for key commercial areas around the City.

Several strategies and plans were put in place to guide Council's activities towards building a more liveable City. They included: Healthy Ageing Strategy; Arts and Cultural Development Strategy; Strategic Waste Management Plan; revised Economic Development Strategy. Council has also introduced a number of community safety initiatives.

This Council also exercised rigorous economic management to ensure continuation of Council's sound financial position towards meeting the NSW State Government's Fit for the Future reforms.

Perhaps most notably, Council embarked on a successful fight to keep Shellharbour City Council from amalgamation.

I am exceptionally proud of the achievements made by the current Council. I commend to you this End of Term Report as a document that provides detailed information on the significant progress we have made together to make Shellharbour City a wonderful place in which to live, work and play.



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017

# MESSAGE FROM THE GENERAL MANAGER



**Carey McIntyre**  
General Manager,  
Shellharbour City Council

The past six years has been a period of substantial change for Council. The Council has achieved a lot despite facing many challenges in that time. This End of Term report provides our community, Councillors and customers with an insight into the services and operations of Council during this term. It also adds transparency and accountability in relation to the work of Council's operations.

The successful implementation of the Integrated Planning and Reporting (IP&R) Framework has been a highlight in that it assisted Council to plan its work, monitor progress and report on that progress to the elected Council. This has been underpinned by the Community Strategic Plan.

Importantly, this reporting process provides the community with detailed information on how Council performed its duties in administering public funds and in delivering services.

The extensive engagement activities undertaken during this period were key in ensuring ongoing contact with the community. This provided continuing guidance to assist Council to meet community needs.

Shellharbour City's broad vision includes a connected community working together to create a safe, sustainable future that provide opportunities for all to achieve their potential. The Community Strategic Plan belongs to the entire community and successful collaboration of all stakeholders is key to its realisation.

This End of Term Report plays an important role in informing the next review of the Community Strategic Plan. That plan will, in turn, guide a future Council to make further progress towards achieving the community's vision, to improve community life and to make Shellharbour City an even better place to live.



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017

# OUR PLACE, OUR PEOPLE

Wingecarribee

Wollongong

Shellharbour

Kiama

Shoalhaven

Shellharbour City is an expanding urban area with significant rural and some industrial and commercial land uses. The City encompasses a total land area of about 147 square kilometres, including beaches, rivers, National and State parks and other significant parklands. The original inhabitants of the Shellharbour area were the Wodi Wodi tribe of the Thurawal Aboriginal people. The main urban centres are Shellharbour City Centre, Albion Park, Warilla and Oak Flats. Most of the rural areas are in the south and west, with rural land used mainly for crop farming, dairy farming and grazing.

During the 1990s, growth took place particularly in the eastern areas of the City, around the suburbs of Warilla, Mount Warrigal, Barrack Point and Barrack Heights. Growth within the last fifteen years, however, has been greatest in the new release areas of Albion Park, Flinders, Blackbutt and Shell Cove.

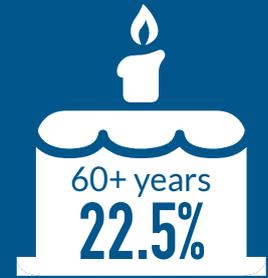
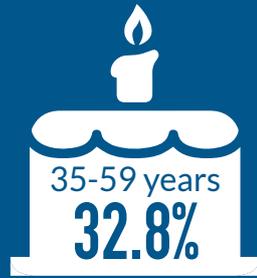
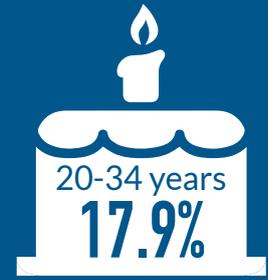
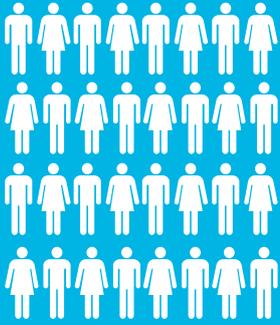
The population of Shellharbour City as at the 2016 Australian Bureau of Statistics (ABS) Census was 68,460. This shows a 7.6% increase in the overall population of our City between 2011 and 2016.

It is expected that future population changes will be influenced by two key factors. The older established suburbs, such as Warilla and Oak Flats, will undergo a new cycle of population growth and change as older persons leave their homes and make their way for younger households, including families.

Meanwhile, development will continue within Shell Cove (particularly around the Waterfront), the rural areas of Tullimbah and Calderwood and parts of Shellharbour City Centre.

Population of Shellharbour in 2016 was

**68,460**



**16.6%**

of residents were born overseas (NSW is 27.6%)



**9.1%**

were from non-English speaking backgrounds (NSW is 21%)



**3.8%**

NSW is 2.9%

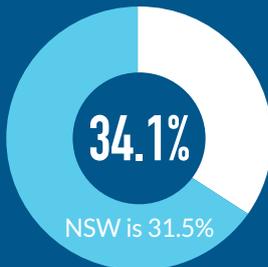


Largest non-English speaking country of birth in Shellharbour City was Former Yugoslav Republic of Macedonia

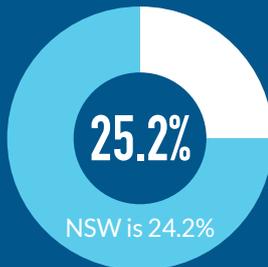
**1.2%**



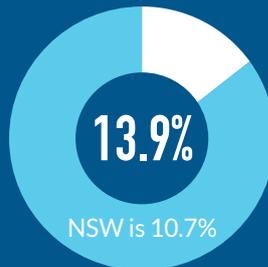
Couples with children



Couples without children



One parent families



Lone person household



Sources: Australian Bureau of Statistics, Profile ID, IRIS



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017

# OVERVIEW

This End of Term Report is the outgoing Council's report to the community on the progress of implementing the Shellharbour City Community Strategic Plan 2013-2023 (CSP). It will provide a snapshot of the State of the Environment and also inform the review of the CSP to be undertaken by the incoming Council. It details the achievements of the Council in relation to the key Objectives of the four central pillars identified in the CSP - Community, Environment, Economy and Leadership.

During the 2011-2017 Council term, Shellharbour City has been governed by an elected Council comprising of the Mayor and six Councillors. Leadership and management of Shellharbour City Council has been a collaborative effort between the Mayor, Councillors, the General Manager and staff.

This Council has built on the work of past Councils to progress major developments, as well as commencing and completing a large number of significant initiatives.

Key projects include the Shell Cove Project and the Civic Centre. The Shell Cove Project, including marine precinct, is estimated to deliver to the region over 2,600 direct jobs and over 3,450 indirect jobs. It will generate in excess of \$35 million of new turnover to the region annually.

The Civic Centre will provide new community facilities to the City, including: a civic square for public events; a Council Chamber; central library and museum; auditorium; public access offices; Council administration offices; and on-site parking. With Shellharbour's population set to grow to more than 81,000 by 2031, it will help ensure Shellharbour has the facilities it needs now and into the future.

Council is also overseeing the development of the Calderwood Valley master planned community - a 609 hectare site that will be developed over 20 years and be home to over 12,500 people. The development includes plans for community facilities, retail spaces, schools and sporting fields. It involves significant investment in the local area and will be a major source of population growth for the region.

These major projects will provide enhanced community facilities and contribute significantly to the continued economic development of the City and of the broader region.

Council has also undertaken comprehensive reviews of the Local Environment Plan (LEP) and Development Control Plan (DCP), as well as developed Town Centre Plans for key commercial areas around the City. These initiatives will serve to meet the needs of our growing and diverse community.

A summary follows of further highlights and outcomes of this Council's term, in relation to each of the four CSP pillars.



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017

# HIGHLIGHTS

## COMMUNITY



### 1.1 Vibrant, safe and inclusive City

### 1.2 Active and healthy community

- Adopted the Libraries and Museum Strategy 2024, Healthy Ageing Strategy 2015-2017 and the Arts and Cultural Development Strategy 2015-2019
- Developed and delivered children's literacy programs
- Developed and endorsed a new Shellharbour Crime Prevention Plan 2016 – 2019
- Implemented the award winning Safer Roads Shellharbour App aimed at improving road safety
- Celebrated Amp it Up!
- 'Winners Wear Helmets' – Bicycle Helmet Compliance Program
- Assisted City Serve Projects
- Updated and streamlined Council's graffiti reporting methods
- Adopted Shellharbour's Safety Strategy 2016-2021
- Hosted various new community celebrations and events including pool open day and film screening; International Women's Day; NSW Seniors Festival; Good Neighbours Awards; Ultimate Learner Log Book Run experience and White Ribbon Day

## ENVIRONMENT



### 2.1 Protects and promotes its natural environment

### 2.2 Practices sustainable living

### 2.3 A liveable City that is connected through places and spaces

- Review, adoption and gazettal of Shellharbour's Local Environment Plan 2013 (LEP)
- Preparation and adoption of the comprehensive Shellharbour Development Control Plan 2013 (DCP)
- Endorsed the Sustainable Events Management Policy
- Won the 2014 Keep NSW Beautiful Award for the Growing Minds Greening Communities Education Program
- Adopted the Shellharbour Coastal Zone Management Plan that aims to assist how we plan the use of the land that fringes our coastline
- Progressed Council's Floodplain Management Program with the adoption of various Flood Studies and Floodplain Risk Management Studies and Plans for catchments across the City
- Adopted the Aboriginal Culture and Heritage Development Assessment Toolkit
- Implemented the Food Organics Green Organics (FOGO) system
- Delivered Sustainability Education programs and activities to over 10,900 community and staff members
- Completed the Stormwater Coaches Program, developed in partnership with Illawarra Environmental Education, delivering educational workshops to 52 classes from 15 schools
- Received over \$400,000 in grant funding for natural areas conservation projects
- Revamped the Dunmore Revolve Centre where pre-loved items can be delivered along with a new studio, 'The Tinkerage', holding monthly workshops on how to reuse and repair these items
- Commenced the Dunmore Resource Recovery redevelopment including the construction of a new transfer station and organics processing facility capable of accepting food waste



Shellharbour  
CITY COUNCIL

## End of Term

Report 2011-2017

# HIGHLIGHTS

## ECONOMY

- 3.1 Infrastructure is planned and managed in a way that meets the community's needs
- 3.2 Supported by a strong local economy with business and employment opportunities
- 3.3 Welcomes, engages and attracts visitors



- Implemented Asset Renewal Program funded by the Special Rate Variation to improve infrastructure renewal for the City
- Implemented the Shell Cove Project with infrastructure construction underway
- Received the 2012 Concept Design Award by the Urban Development Institute of Australia (UDIA) NSW for the Shell Cove Project
- Commenced construction of the Shellharbour Civic Centre
- Adopted and implemented the Economic Development Strategy 2014-2018
- Adopted the Illawarra Regional Airport Strategic and Business Plan
- Adopted the Links Shell Cove, Nursery and Stadium Business Plans
- Opened Shellharbour Village Information Centre which has consistently won top award for Visitor Information Services in the South Coast, resulting in Hall of Fame honours
- Created the Toward Active Transport Shellharbour Bike Map
- Coordinated Shellharbour City Business Network and Economic Gardening Business Development Program to support local businesses
- Progressed The Links Shell Cove 45 Lot Subdivision
- Endorsed a Regular Passenger Transport service out of Illawarra Regional Airport

## LEADERSHIP

- 4.1 Led by a Council that effectively represents the community
- 4.2 Supported by a Council that is responsive, accountable and financially viable



- Implemented Fit for the Future reforms
- First in Australia to utilise the award winning US system 'Peak Democracy'
- Celebrated NAIDOC Week and hosted the Regional Awards Dinner
- Engaged with community on the Civic Centre Project
- Adopted the Aboriginal Employment Strategy
- Established Shellharbour as a Refugee Welcome Zone
- Adopted the Sustainable Financial Strategy
- Celebrated 15th anniversary of Aboriginal Advisory Committee (AAC) in 2013 with creation of documentary paying tribute to achievements of members and staff
- Continued to consult and inform the community via regular statutory reporting
- Commenced implementation of a series of organisational reforms to support continuous business improvement and focus on the Community, Councillors, Customer and the Council
- Transformation from Merge Proposal to Non-Merge Proposal Status



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017



# Community

## Objectives

- 1.1 Vibrant, safe and inclusive City
- 1.2 Active and healthy community

- Adopted the Libraries and Museum Strategy 2015-2017, Healthy Ageing Strategy 2015-2017 and the Arts and Cultural Development Strategy 2015-2019
- Developed and delivered children's literacy programs
- Developed and endorsed a new Shellharbour Crime Prevention Plan 2016 - 2019
- Implemented the award winning Safer Roads Shellharbour App aimed at improving road safety
- Celebrated Amp it Up!
- 'Winners Wear Helmets' - Bicycle Helmet Compliance Program
- Assisted City Serve Projects
- Updated and streamlined Council's graffiti reporting methods
- Adopted Shellharbour's Safety Strategy 2016-2021
- Hosted various new community celebrations and events including pool open day and film screening; International Women's Day; NSW Seniors Festival; Good Neighbours Awards; Ultimate Learner Log Book Run experience and White Ribbon Day

## Libraries & Museum – Connect Choice Lifestyle

In 2014, Council adopted the *Libraries & Museum Strategy 2024*. It was developed through extensive consultation with our community, who told us they wanted their libraries to be modern and welcoming, accessible and inclusive, innovative and responsive.

The strategy provides a strong direction for the future of our libraries, ensuring they are flexible, and meet the needs of our diverse community. The development of targeted literacy programs and continuing work to progress the planning of two new library buildings and the renovation of a third were key developments in the implementation of the strategy. The provision of a digital library that is available to the community 24/7 is another key feature of library service delivery under the strategy.

The new City Library and Museum is currently under construction and, when completed, will support the other library branches across the City by providing a range of centralised services. These will include: collection management and promotions; programs and activities development; special needs services; cutting edge technology; and heritage, family and local history services. The City Museum will be a focal point for Shellharbour's history and heritage and the centre for the City's collective community memory.

Extensive community consultation was undertaken for the proposed new library branch at Warilla. As a result, community feedback was used to develop designs for the new building which were exhibited in all branches and online in March 2016. The new library will have a relaxed, family friendly feel and provide spaces for peace and quiet, activities, classes and indoor play. There will also be opportunities for content creation through the use of new technologies.

The revitalisation of Oak Flats Library commenced in May 2016. The central sunken floor area of the library

was raised to improve access to and functionality of the space. The remodelled space has been used to host a variety of community programs.

Shellharbour City Libraries are also actively involved in early literacy programs including Paint Shellharbour REaD. These activities encourage our community to read, talk, sing and engage in rhyme with children from birth to equip children with reading skills in readiness for school.

The library has upgraded to a new library system and website to improve access to library resources for the community. The library web page offers one-click access to a suite of valuable information including What's New, the eLibrary, a broad range of databases and enhanced searching within the library catalogue. The presentation and user-friendly style of the library website won Shellharbour a highly commended award at the NSW Public Libraries 2016 Marketing Awards.

Through its membership of a consortium of libraries across South East NSW, Shellharbour City Libraries offers an extended range of eBook and eMagazines for online borrowing. In 2016, this resource-sharing initiative increased the eMagazines available to the Shellharbour community to over 360 titles, further enhancing the eLibrary and 24/7 access to resources.

Our libraries continue to expand their presence outside the four walls through pop-up libraries at various community venues and events across the area. This has included Library by the Pool, Library by the Lake and major events such as Kidsfest, Relay for Life, Calderwood Valley Open Day and the Cultural Treasures Festival.

Libraries and museum staff will continue to work with the community to implement other aspects of the *Libraries & Museum Strategy 2024*.



## Creating a Safer Shellharbour

Council endorsed a series of community safety strategies and plans between 2011 and 2017 which guided the implementation of a number of successful community safety programs.

In 2012, Council endorsed a suite of documents that included: Community Safety and Crime Prevention Strategy; Crime Prevention Plan 2012 – 2015; and Graffiti Management Plan. In 2015, Council developed and endorsed a new Shellharbour Crime Prevention Plan 2016 – 2019. There have subsequently been a variety of projects and initiatives implemented that have contributed to an improvement in the perception of community safety in Shellharbour City.

In 2017, Council celebrated 15 years of conducting local Good Neighbour Awards. Throughout the recent years, the program has been expanded to include street parties, outdoor cinema events and competitions to include children in the awards night. Our ongoing commitment to celebrating neighbourhoods qualified Council as a *Very Neighbourly Organisation* through Relationship Australia's Neighbour Day.

In partnership with the NSW Police Lake Illawarra Local Area Command and the Police Citizens Youth Clubs (PCYC), Council has supported the GraffOff program, which offers a monthly paint-out service for young people at-risk. Program participants also complete a graffiti education program and their efforts have ensured that many locations across the City remain free from graffiti. Council has also established the annual Graffiti Removal Day, in partnership with Shellharbour City Rotary Club. The successful program has been operating for six years. Council regularly utilises local urban artists to create murals on public and private structures that are prone to graffiti. These murals are visually engaging as well as good deterrents for future graffiti offences.

The Shellharbour Crime Prevention Partnership between NSW Police, Housing NSW and Council's rangers and Community Safety Officer has identified local safety issues and hot spot locations. The collaborative actions undertaken by these partners has improved community safety at these hot spots. Some successful campaigns of the partnership has been the establishment of the Barrack Heights Roundtable, and the 'Stamp it Out' trail bike campaign. Both have been in response to ongoing community concerns regarding crime and safety.

Council has also introduced monthly Community Safety Pop Up meetings, in partnership with NSW Police, which have been successful in engaging people in each suburb and addressing localised safety concerns.

Council is committed to supporting White Ribbon Day and has conducted three annual White Ribbon Walks, six annual Shellharbour fundraising BBQs and is an active member of the Illawarra Committee Against Domestic Violence. Council has also installed signs at all entrance roads to the City, had bridge banners hung and placed large white ribbons across Council properties to encourage residents and visitors to say 'no' to domestic violence.

Council has also adopted the Homeless People in Public Places protocol and provided resources to assist homeless people in our City.

Council has maintained its position in the Shellharbour/Kiama Community Drug Action Team (CDAT). The CDAT has led many activities to engage at-risk youths, and to educate parents and the wider community through activities and campaigns to curb alcohol-fuelled violence and drug use.



## Healthy Ageing Strategy

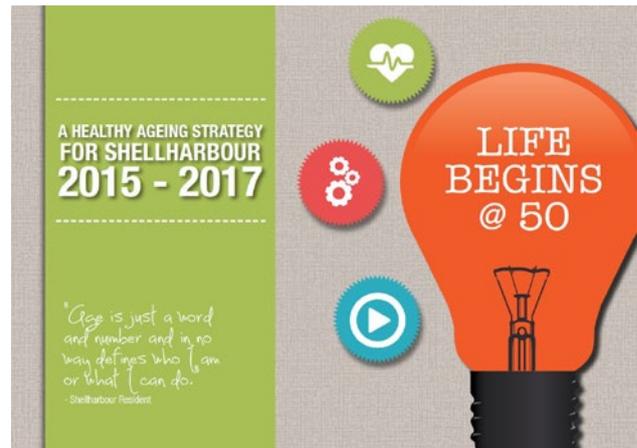
We want our City to continue to be a great place to age, where older adults can stay healthy, active and engaged. Having an age-friendly City will benefit our families, our economy and the wider community. The Healthy Ageing Strategy 2015-2017 was developed to help us provide an accessible and positive environment that encourages and supports the participation of older people.

The Healthy Ageing Strategy 2015-2017 builds upon the work that already takes place in the Shellharbour area to support people 50 years of age and older. The Strategy provides a strategic direction and actions for Council to support healthy and active ageing and to improve people's experience of ageing. It provides Shellharbour City with an opportunity to plan, provide and advocate for improved health and wellbeing for older people in the community and reflects a partnership approach between Council, the community and community service providers.

Since its adoption in November 2014, we worked with the community to create a bucket list of things for people 50+ to do and see in the Shellharbour area. We have also supported a multicultural intergenerational cook-off; endorsed free access for over 50s to Oak Flats pool and facilities during Seniors Week 2016 and 2017; provided an opportunity for our older residents and young people to share skills and stories through a chalk mural project; facilitated free cooking courses for seniors as part of the 'Cook Chill Chat' program and continue to distribute a quarterly Healthy Ageing newsletter to over 300 Shellharbour residents.

Outdoor fitness equipment has been installed in three locations in the City (Reddall Reserve, Lake Illawarra, Strong Reserve, Warilla and Barrack Reserve, Barrack Point) and plans are underway for further locations. These installations were one of the 'big ideas' identified as part of the Strategy. It is hoped that the outdoor equipment will entice many of the senior residents living in the area to improve their health. The different pieces of equipment support cardiovascular fitness, strength, endurance, balance, flexibility and relaxation with explanatory and advisory signage for guidance. Successful 'Come and Try' programs were run at each of the locations targeting residents 50+ to build confidence and encourage use of the exercise equipment.

The implementation of the Strategy was recognised by 2015 Heart Foundation Local Government Awards in which Council were announced as a finalist. These awards recognised and showcased councils who are working to improve heart health through building a sense of community, encouraging people to be physically active, smoke free and make healthy food choices.



## Arts and Cultural Development Strategy

A strategy for a more creative Shellharbour, Make, Play, Grow 2015 – 2019, was adopted in July 2015. It aims to create an environment where ideas, imagination and creativity can flourish. Building on current strengths and introducing a number of new initiatives, this strategy identifies our ambitions for the artistic and creative life of the City. It will be used to inform Council's planning, programming and funding priorities over the next five years.

The strategy is the result of extensive consultation. The campaign was developed to seek input from our community to gain a better understanding of what activities and events residents and visitors believe would help make Shellharbour a more creative city.

In June of 2014, Council began a conversation with the community to develop a new Arts and Cultural Development Strategy for the City. We asked people to tell us their big ideas to make Shellharbour a more creative place to live and work. We held an idea bombing event, had a performer roving the streets, a #creativeshellharbour campaign along with a survey, a series of pop-up kiosks and quick ideas cards. We collected hundreds of your great ideas, all of which informed the themes and objectives of the strategy.

Council has begun planning for the implementation of a number of actions outlined in the strategy, focussing on forming or strengthening collaborative partnerships with community groups, schools, organisations and businesses, developers and neighbouring Councils.

Public art was a top priority identified during our conversations. A significant initiative implemented from the strategy is the Lake Illawarra Art Trail which was launched in March 2014. It is currently home to six artworks created by local artists, in collaboration with the community and in response to the lake, its history and its people. The artworks were created using natural, fabricated and found objects and used various techniques such as woodcarving, painting, mosaic, sculpture and glass imagery. The trail is accompanied

by a mobile application, 'Tread Shellharbour', which can be downloaded from any app store.

Other initiatives include supporting community events such as markets and open-air cinemas and developing the Weave Artists Directory, an online space to support and promote local creative talent.



## Safer Roads App

A Safer Roads App was developed to make our City a safer, more accessible place for everyone to live. The app is part of a conscious effort of Council to improve road safety by making it easier for the community to provide accurate information about local road issues. It also provides a critical link between the Council and the community. The app has four main features, including Report a Road Hazard, Dob in a Hoon, a link to Council's Facebook and a Contact Us button.

This system helps to identify locations where roads are failing and assists in the planning and prioritisation of road renewal projects incorporated in Council's Asset Improvement Program. It allows the user to photograph a pothole, cracked road surface or damaged road sign and send it directly to Council along with the GPS coordinates within two metres of the hazard. Within minutes of sending the hazard report, the resident will receive an automated email response with a unique case number that can be used for a status report if required.

The Dob in a Hoon feature allows the community to photograph a vehicle being used in a dangerous manner, record the GPS location and report it directly to the Police and Council. The app also has the ability to send push notifications about road safety. For example, reminding residents about double demerit points or road closures.

Over 500 residents have downloaded the app since its initial launch in 2014, which has resulted in improved response times to an average of three days from receipt of complaint to finished road treatment. The app was announced the winner of the Local Government 2014 Australian Road Safety Awards. Being a category winner, we were named finalist in the Founders Award for Outstanding Achievement. The awards are an initiative of the Australian Road Safety Foundation - a not for profit organisation dedicated to improving road safety awareness, enhancing driver education and reducing the impact of road trauma.

Shellharbour CITY COUNCIL introduces

LOCAL GOVERNMENT AWARD WINNER  
Australian ROAD SAFETY Awards

# SAFER ROADS SHELLHARBOUR

Our new and improved App for Android and iPhone  
MAKING IT EASIER FOR THE COMMUNITY TO REPORT AND ACCESS INFORMATION ABOUT OUR LOCAL ROADS

**STEP 1:** Click on the App

**STEP 2:** Take a photo

**STEP 3:** Council responds

**REPORT AN OLD LOGO**  
Help us identify locations where an old logo needs to be updated with Council's new branding (eg. signage, buildings etc). By sending a photo via the app, the GPS location of old logos can be collected for review.

**REPORT A HAZARD**  
With the click of a button you can send a photo of a road hazard and its GPS location to Council. The image and location can help speed up the identification and assessment process. Tell us about potholes, damaged or missing road signs and cracked road surfaces to help keep our roads safe.

**DOB IN A HOON**  
Send a photo with the GPS location to report negligent or dangerous driving behaviour directly to the police and Council to help keep our roads safe. This feature will also help identify possible hot spots for unsafe behaviour that can be targeted by authorities. If you witness any reckless, noisy or unsafe driving in your area that creates a disturbance you can report this via the App.

ALL REPORTS RECEIVED BEFORE 31 MARCH 2015 GO INTO A DRAW TO WIN ONE OF 3 \$100 STOCKLAND VOUCHERS

STILL FREE

DOWNLOAD NOW ▶

SAFER ROADS



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017



# Environment

## Objectives

- 2.1 Protects and promotes its natural environment
- 2.2 Practices sustainable living
- 2.3 A liveable City that is connected through places and spaces

- Review, adoption and gazettal of Shellharbour's Local Environment Plan 2013 (LEP)
- Preparation and adoption of the comprehensive Shellharbour Development Control Plan 2013 (DCP)
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- Progressed Council's Floodplain Management Program with the adoption of various Flood Studies and Floodplain Risk Management Studies and Plans for catchments across the City
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- Implemented the Food Organics Green Organics (FOGO) system
- Delivered Sustainability Education programs and activities to over 10,900 community and staff members
- Completed the Stormwater Coaches Program, developed in partnership with Illawarra Environmental Education, delivering educational workshops to 52 classes from 15 schools
- Received over \$400,000 in grant funding for natural areas conservation projects
- Revamped the Dunmore Revolve Centre where pre-loved items can be delivered along with a new studio, 'The Tinkerage', holding monthly workshops on how to reuse and repair these items
- Commenced the Dunmore Resource Recovery redevelopment including the construction of a new transfer station and organics processing facility capable of accepting food waste

## Planning for our City

Our Local Environment Plan (LEP) and Development Control Plan (DCP) are key planning documents for the development of our City. The new Shellharbour LEP 2013 is in line with the State Government's standard LEP template and legislative changes.

We undertook a two staged review and consultation process for the Shellharbour LEP 2013. The first stage involved a number of background studies prepared between 2008 and 2010, followed by public exhibition and statutory consultations in 2011. The LEP was adopted by Council and submitted to the Department of Planning and Infrastructure for gazettal. It became effective in April 2013 and is the culmination of significant community consultation and input into the Council policy that regulates land use within our City.

There have been 18 amendments since the introduction of Shellharbour LEP 2013. These have ranged from rezoning rural land to residential and including additional land uses on certain properties that would otherwise be prohibited.

The Shellharbour DCP has been prepared in the new comprehensive DCP structure, consistent with the State Government's legislative changes. The DCP contains detailed planning and design guidelines

for new development and supports the statutory planning controls of the Shellharbour LEP. The DCP was adopted by Council and became effective in June 2013. The DCP superseded and repealed 38 former DCPs and associated policies.

The first review of the DCP was finalised in 2016 and included around 48 changes. These ranged from clarifying objectives to incorporating the relevant parts of the Aboriginal Culture and Heritage Development Assessment Toolkit.

Following on from the implementation of new planning documentation, Town Centre Plans for suburbs around the City have been developed. Town centre plans are prepared to inform guidelines for development and future improvements in our town centres. Good town centres provide a community heart by catering for essential activities related to employment, business, shopping and entertainment and are therefore important in supporting local economies and social fabric. Following highly successful community engagement campaigns, Town Centre Plans have been developed for Albion Park, Shellharbour Village, Oak Flats and Warilla.



## Floodplain Management Program

Flood prone land is managed by Council in accordance with the NSW Government's Flood Prone Land Policy and Floodplain Development Manual (2005). The NSW Government provides annual grant funding to support Councils with their floodplain management programs. This grant funding is based on a 2:1 funding agreement, with the NSW Office of Environment and Heritage providing \$2 for every \$1 contributed by Council.

Following the devastating flooding experienced in March 2011, which resulted in considerable traffic disruption, damage to property and infrastructure, injuries and a fatality, Council has been successful in securing \$623,793 in grant funding. This funding has been used to progress Council's Floodplain Management Program, which includes the preparation of Flood Studies and Floodplain Risk Management Studies and Plans for catchments across the City. The risk management plans enable Council to implement strategies to better manage the flood risk within the City.

Since June 2011, Council has undertaken extensive data collection. This has included community newsletters and questionnaires distributed to owners and occupiers of property within four separate study areas to gather flood information and the community's

views on flood risks and potential mitigation options. Council has also engaged surveying consultants to gather an extensive amount of survey data for use in building hydrologic and hydraulic models, including an aerial laser survey (ALS), bathymetry surveys, creek cross section surveys, structure data (including bridges and culverts) and recorded flood levels. Council has engaged specialist consultants to gather flood modelling data to calibrate and validate hydrologic and hydraulic models that replicate flood behaviour in the catchment and has used these models to assess floodplain risk management strategies. Council undertook extensive amounts of community consultation in 2016 and 2017 when a number of draft flood studies and draft floodplain risk management studies were publically exhibited.

The Elliot Lake - Little Lake Floodplain Risk Management Study and Plan was adopted by Council in October 2016 and the Horsley Creek Floodplain Risk Management Study and Plan was adopted by Council in February 2017. A flood study was also adopted for Macquarie Rivulet in April 2017. A flood study is also being prepared for the suburbs of Lake Illawarra, Mount Warrigal and Oak Flats.



## Waste Management

We continue to implement our Strategic Waste Management Plan through the introduction of a number of initiatives and programs to reduce the amount of waste to landfill and to increase recycling across the City. Key programs are underway to increase recycling, and increase resource recovery of materials used. Current efforts have resulted in Council achieving a recovery rate of approximately 60%.

A key initiative implemented has been the Food Organics Garden Organics (FOGO) kerbside collection system. As part of the community engagement strategy, Waste Services engaged with over 700 residents at 28 community BBQs as well as partnered with Youth Services to educate over 750 Year 6 students in FOGO as part of the annual Day of Silly Hats (DOSH) program. In the twelve months since inception on 1 July, 2016 FOGO has increased organics collections at the kerbside by 2851 tonnes and reduced the amount of waste going to landfill by 2048 tonnes.

At the same time, the number of kerbside bin audits increased to 400 per calendar month from 200 per calendar month. If, on inspection, your bin contains no contamination you will find an "Awesome Recycling Tag" attached to the lid. "Awesome Recycling Tags" were issued and quarterly prize draws were awarded. These audits tell us how many bins are presented, how much is recycled and the contamination results. Audits are conducted for recycling (yellow lid) and FOGO (green lid) bins.

Since July 2014, waste reduction has been highlighted by a fleet of new garbage trucks with educational signage. The signage on each truck was designed to respond directly to the waste patterns of residents identified through 12,000 bin audits conducted during the previous five years. Each of the bin collection trucks features the message "Choose the right bin,

don't just throw it in!" with images and graphics that provide tips on the correct items for each bin.

To continue the waste education, tip tours of the Dunmore Recycling and Waste Disposal Depot were implemented in 2015. The tour starts with an introduction at Shellharbour City Centre before boarding the bus to Dunmore. Tour participants find out where their waste goes after it leaves the kerb, what can be recycled, how landfill costs can be reduced and learn about the Environmental Management of the site and the complexities of operating a sustainable putrescible landfill.

With the aim to increase recycling and divert waste to landfill, a Reverse Vending Machine was installed at Stockland Shellharbour in 2014. The Reverse Vending Machine allows shoppers to insert their empty cans or PET drink bottles and redeem rewards from local businesses. This is an exciting local initiative that rewards residents for recycling the right way. Since its installation, in excess of 14,735 aluminium cans and 25,593 PET bottles have been recycled, which may have otherwise gone to landfill. The amount of energy saved would run a 100W lightbulb for approximately 132 years.

In addition to the waste reduction programs and other initiatives, Council installed a landfill gas extraction system at the Dunmore Recycling and Waste Disposal Depot in 2013. This system actively extracts methane from the landfill and converts it to carbon dioxide via a flare unit. Since its installation, the unit has flared 59003 (as at 30 June 2017) tonnes of carbon dioxide equivalent. This measurable carbon emission reduction is equivalent to 12826 cars off the road each year.

We are continuing to investigate a range of alternative waste technologies and participate in a number of innovative waste reduction initiatives.



## Environmental Management and Sustainability Education

Growing Minds Greening Communities (GMGC) was a two-year sustainability education program assisted by the NSW Environmental Trust involving staff, families and children from 21 Shellharbour City childcare centres. This program, which concluded in April 2015, aimed to address waste minimisation, water and energy consumption, biodiversity conservation and sustainable food production within child care centres and households. The project also aimed to provide children with a series of activities and experiences to develop respect, care and appreciation for the natural environment. In July 2014, GMGC won the Keep NSW Beautiful Environmental Education Award which recognised exemplary environmental education which motivates environmental actions.



The vibrant Sustainable Shellharbour Education Programs have proven to be very popular in the community. A monthly newsletter is distributed to over 1000 subscribers and a variety of workshops have reached over 10,900 people between 2011 and 2017. Highlights of the program include the development of Illawarra specific education guides including butterflies, birds, fungi, rockpool creatures and frogs. Facilitated walks in the local area introduced the community to the natural, Aboriginal and European history of Windang Island, after dark creatures at Blackbutt Reserve, life in the rockpools, mysterious fungi, and the world of native bees.

In celebration of National Fair Food Week a 'Connecting Over Fair Food' event was held in October 2016. Organised in partnership with Food Fairness Illawarra and Wollongong and Kiama Councils, the event engaged over 130 people. The night involved a series of short talks from 12 local fair food champions from across the Illawarra, fair food displays including a Sustainable Shellharbour display featuring veggies and fruit trees from Council's nursery, and catering sourced from local fair food providers. Costa Georgiadis, host of the ABC Gardening Australia program and a well-known advocate for fair food, made a special guest appearance. The event was filled to capacity with a waiting list of over 50 people and much positive feedback was received from participants at the event.

Shellharbour has around 7 kilometres of coastline and most of that is fringed by urban development, such as car parks, public reserves and housing. Coastal processes such as waves can affect this land. To assist us plan how this important strip of land is used, Council have investigated coastal process and how that may affect the land. The draft Shellharbour Coastal Zone Management Plan was placed on public exhibition and a public information evening was held. A number of submissions were received and the plan was finalised and reported to Council for adoption on the 28 February 2017. Subsequently, following the adoption of the Plan it was then submitted to the Minister for certification.

Council has implemented a formal Environmental Leadership framework, aimed at engaging all members of the organisation to become more environmentally aware, skilled and focused on delivering sound environmental outcomes. The framework establishes a collaborative network that is driven by staff and supported by senior management. Staff working in cross organisational project teams investigate issues and develop recommendations for improvement that will not only address environmental performance but will also deliver benefits of increased operational efficiency and lower operational costs.

Under Council's Environmental Leadership program, investigations were conducted into the range of environmental indicators being used to monitor environmental performance and to identify any gaps in the information currently being collected. Data gathering for new indicators began in 2016/2017, with additional data now being captured across a variety of environmental areas including water pollution, illegal dumping, threatened species, bush regeneration, waste and emissions. A State of the Environment report will be included in Council's 2017/2018 Annual Report showing comparisons drawn from two full years of data. Long term monitoring and resulting actions will also be reported in future End of Term reports.

Other initiatives include installation of Smart Meters to detect water leaks which has potentially saved Council over \$1.2 million and reduced water consumption by over 645 kL which is equivalent to around 258 Olympic size swimming pools. A 35kW solar system was also installed at Oak Flats Works Depot in 2011 which can generate up to 50,000 kilowatt hours of electricity per year which is equivalent to powering seven homes.



# Economy

## Objectives

- 3.1 Infrastructure is planned and managed in a way that meets the community's needs
- 3.2 Supported by a strong local economy with business and employment opportunities
- 3.3 Welcomes, engages and attracts visitors

- Implemented Asset Renewal Program funded by the Special Rate Variation to improve infrastructure renewal for the City
- Implemented the Shell Cove Project with infrastructure construction underway
- Received the 2012 Concept Design Award by the Urban Development Institute of Australia (UDIA) NSW for the Shell Cove Project
- Commenced construction of the Shellharbour Civic Centre
- Adopted and implemented the Economic Development Strategy 2014-2018
- Adopted the Illawarra Regional Airport Strategic and Business Plan
- Adopted the Links Shell Cove, Nursery and Stadium Business Plans
- Opened Shellharbour Village Information Centre which has consistently won top award for Visitor Information Services in the South Coast, resulting in Hall of Fame honours
- Created the Toward Active Transport Shellharbour Bike Map
- Coordinated Shellharbour City Business Network and Economic Gardening Business Development Program to support local businesses
- Progressed The Links Shell Cove 45 Lot Subdivision
- Endorsed a Regular Passenger Transport service out of Illawarra Regional Airport

## Major Projects

Council's goal is for infrastructure to be planned and managed in a way that meets the community's needs now and into the future. To achieve this, significant projects have been developed and implemented over several years that will not only provide infrastructure for generations, but to also support the local economy and provide local employment.

The Shell Cove Project is the major economic development, tourism infrastructure and job generation initiative by Council. It has been implemented in partnership with Australand (a part of Frasers Property Group). It is a 3,000 lot master-planned residential and mixed-use project, all focussed around a boat harbour that directly accesses the Pacific Ocean. The total economic impact of this project in net present value terms is \$3.71 billion over a 20-year period. It generates significant new construction jobs, increased visitor expenditure and new expenditure and employment opportunities in retail and industries that will service the marina.

The Shell Cove Project was awarded the Concept Design Award at the 2012 Urban Development Institute of Australia (UDIA) NSW Austral Bricks Awards for Excellence. These Awards are designed to highlight innovation, sustainability, industry leadership and recognise excellence in urban development across NSW and the ACT. The Award recognised the thoughtful process underpinning Australand and Council's concept design for the Shell Cove Boat Harbour, while also recognising their ability to deliver a world class community.

The Waterfront Shell Cove is the name given to the harbour and the land platform being developed around it. It creates the lifestyle and boating destination that provides development, tourism and community opportunities. The harbour will accommodate 300 berths, charter operations, boat facilities and public boat ramp. This large infrastructural construction task is being undertaken through three consecutive stages, with the first one already completed. The Stage 2 civil and maritime contract commenced in March 2014 and is currently underway.

The Shell Cove Project has significantly exceeded its obligations of a minimum 50% for local labour content in the overall Project works and this has been beneficial to the local community.

The Shellharbour Civic Centre is the second major project being developed by Council. It is being built in the commercial and retail 'heart' of the Shellharbour City Local Government Area. The Civic Centre (formerly known as the 'City Hub') will provide community facilities including a civic square for public events, a Council Chamber, library and museum, auditorium, sessional and Council administration offices and on-site parking. The design

of the complex is based on sound environmental design practices. Planning for the key facilities in the Civic Centre goes back more than 20 years.

On 11 June 2015, Council resolved to proceed with construction of the Civic Centre and operable development consent was provided by the Joint Regional Planning Panel in August 2015. Construction works commenced in October 2015 and is due for completion late 2017.

Following extensive community and stakeholder engagement, Council adopted a "Wave" Design for the centre. The design of the building incorporates a curved roof on the exterior, while the interior provides for maximum natural light and open spaces to deliver comfort and provide a welcoming space for the whole community. With Shellharbour City's population set to grow to more than 81,000 by 2031, it will help ensure the City has the facilities it needs now and into the future.

The new Warilla Branch Library will provide a contemporary and vibrant library space for the community, with meeting rooms, study areas, new technologies and indoor/outdoor space. The new library will continue to offer a range of collections and resources as well as library programs.

The new branch library will be located within Keith Fletcher Park at the corner of Woolworths Ave and Commerce Drive, Warilla and will open by 2018.

The redevelopment of the Dunmore Recycling and Waste Disposal Depot has progressed during 2016-2017. The redevelopment includes the relocation of the existing Transfer Station and the establishment of an organics processing facility that is capable of processing food and garden organics.

The redevelopment will assist Council meeting its vision for waste management, a community that generates minimal waste and considers the waste that is produced as a valuable resource to be managed sustainably by:

- providing facility users with greater ability to recover and recycle material leading to greater resource recovery rates;
- paying the NSW Waste Levy only on material going to landfill;
- providing a safer environment for facility users and staff
- providing weekly collection of resident's green lidded organics bin once the organics processing facility is operational.

Works associated with the relocation of the existing Transfer Station is anticipated to be completed by August 2017. The contract for the construction and operation of the organics processing facility was awarded to ReGroup.

## The Links Shell Cove 45 Lot Subdivision

The Links Business Plan has set out a number of initiatives to improve the business sustainability and fund development. These include re-routing the golf course to make way for the ability to develop

45 residential lots. A Development Application was approved for the subdivision of land along Dunmore Road. The subdivision will occur in 2017/18.

## Regular Passenger Transport Service

Council has undertaken significant work to facilitate the return of Regular Passenger Transport services to Illawarra Regional Airport. Jetgo Airlines have been appointed as the preferred start-up airline providing services to Melbourne and Brisbane starting 30th October 2017.

As part of the Illawarra Regional Airport Strategic Business Plan, a Passenger Demand Study survey was undertaken followed by a Regular Passenger Transport business case which clearly showed the demand and economic benefit for the Illawarra region. Council has committed funding for the infrastructure required for Regular Passenger Transport's start-up services and future planning for new infrastructure.



## Asset Renewal Program

Council has faced significant challenges in meeting community needs in relation to adequate renewal of assets. As part of the Fit For the Future (FFF) reforms, it was identified for Council to provide an increased focus on Asset Renewal to improve existing infrastructure. The objectives of Council's Asset Renewal Program are to:

- manage sustainably all of Shellharbour City Council's assets and achieve an asset renewal ratio greater than 1.0.
- provide the desired level of service for the assets under its stewardship for existing and future customers.

The Asset Renewal Program is a component of Council's overall Capital Works Program that is focussed on the delivery of asset renewal projects. The program is largely funded by the Special Rate Variation and aims to improve the condition, safety and functionality of the City's assets in order to meet the community's needs.

The majority of the Special Rate Variation received to date has been spent on Council's road assets. This work entailed road renewal works of asphalt overlays, patching, resurfacing and in some areas stabilisation works. Approximately 80 roads across the City have now been renewed. The ongoing investment on the local road network has improved the condition of highly utilised roads across the City.

A number of stormwater renewal projects were completed. Drainage pipes were relined, which will seal pipe displacements that have been detected along the respective stormwater pipes and substantially extend their expected use. Other projects involved improving drainage, headwall replacements and scour protection.

A major footpath renewal completed was the replacement of the shared use path at Blackbutt Reserve. The works involved removal and replacement of the old pathway where tree roots had caused

damage to the footpath. Another major project completed was the structural renewal and repair of Slaters Bridge, Oak Flats.

Works undertaken at Council's sportsfields included canteen upgrades to ensure facilities comply with current standards, the replacement and repairs to sportsfields' lighting and amenities upgrades. Major building renewals were completed including reconstruction works at Yovelton House which involved replacement of the existing veranda room, new ceiling linings and balcony reconstruction. Other successful projects included:

- replacement of the Reddall Reserve amenities block;
- reconstruction of the Albion Park Rural Fire Service station;
- refurbishment of the Albion Park SES building
- replacement of the roof and repair works to the Roo Theatre in Shellharbour Village and the Shellharbour City Stadium.



## Tourism in Shellharbour

Tourism Shellharbour is the driving force for tourism in Shellharbour City, with the organisation responsible for the coordination of the tourism sector, the provision of visitor information services and the marketing and promotion of the City. Tourism continues to be a significant economic driver for Shellharbour City with the visitor economy worth \$105.8 million to the City annually.

The Shellharbour community recognises tourism as a significant industry that needs to be supported and this is articulated in the Shellharbour CSP 2013-2023. During the past 12 months, tourism has had many achievements including continuing to implement actions from the Destination Management and Strategic Plan.

Achievements include hosting the 2016 South Coast Tourism Awards at the HARS Aviation Museum. This was the first time the awards were held at an attraction. The Shellharbour Visitor Centre won the Gold award for the Visitor Services Category. As this award has been won three consecutive years in a row (2014, 2015 and 2016), the Visitors Centre was inducted into the Hall of Fame. In continuing the celebrations, the Level 1 Accredited Shellharbour Visitor Centre also celebrated its 5th birthday in October 2016.

Another highlight was the launch of the new 2017 Shellharbour Visitors Guide. The Guide features 34 full colour pages and promotes the numerous experiences Shellharbour has to offer and highlights the unique attributes that makes us different to other destinations. The Visitor Guide is distributed to all NSW Visitor Information Centres as well as local accommodation, attraction and business operators. The Visitor Guide also continues to



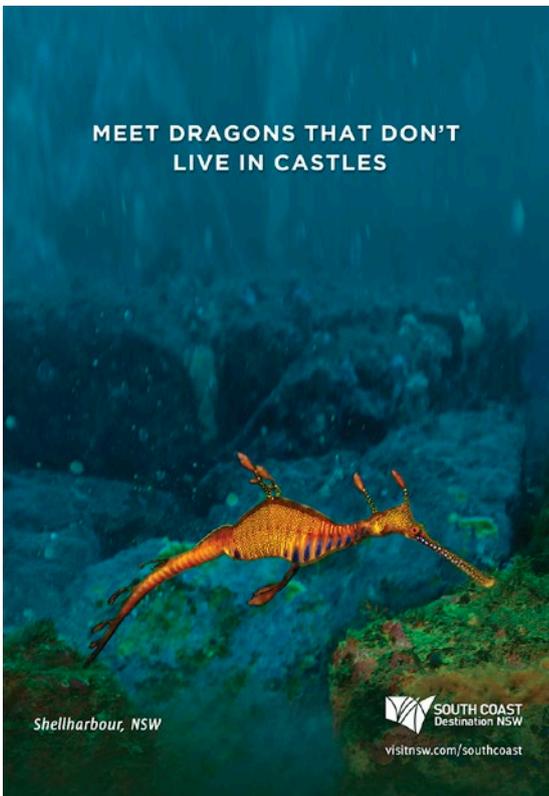
be the primary fulfilment piece sent to all potential visitors and is available at all trade and consumer shows and events attended by Tourism Shellharbour throughout the year.

Tourism also continued its participation in the Unspoilt South Coast Marketing Campaign. This cooperative campaign with Kiama, Shoalhaven, Eurobodalla and Bega Valley/ Sapphire Coast began in 2013 with Destination NSW. Our commitment and investment into the beautiful, nature-led 'UNSPOILT' campaign platform has exceeded all KPIs and targets, set records in growth and out-performed all other regions in terms of website traffic on VisitNSW.com, the biggest tourism website in Australia. The campaign includes high impact digital, Stayz campaign, outdoor/out of home and cross track marketing.

This campaign won the 2015 Destination Marketing Category at the NSW Tourism Awards. It was also recognised internationally with a Gold Award for Destination Marketing at the 2016 Pacific Asia Travel Association (PATA) Awards. In this category, the Unspoilt South Coast campaign's combination of enticing creative and record-breaking results won out over 212 other destinations from 70 government tourism bodies from around Asia, the Pacific and the Americas. In 2016, the campaign took out the Highly Commended Award for Destination Marketing at the NSW Tourism Awards.

The 2017 Unspoilt South Coast Campaign has commenced and initial results show an increase year on year which indicates initial positive results.

Tourism also continues to attend trade, consumer shows and events promoting Shellharbour as a must visit tourist destination. Events include the Sydney Caravan, Camping, RV and Holiday Supershow, Penrith Caravan and Camping Show, Illawarra Caravan, Camping, 4WD, Fish and Boat Show and the Canberra Home, Leisure, Caravan, 4WD and Camping Show. Tourism also supported and sponsored local events, hosted visiting journalists on familiarisation tours and implemented social media strategies.



## Council's Commitment to Local Business

Council has a strong commitment to local business and has been innovative in facilitating the development of a supportive business environment to enable sustainable business and economic growth.

Council's Economic Development Strategy 2014-2018 guides the implementation of a variety of business support activities. It was developed with input from a range of stakeholders from the public, private and community sectors and is underpinned by the creation of productive partnerships to create enhanced conditions for economic growth and employment generation.

Council's Economic Development focus is on facilitating sustainable growth of:

- local employment opportunities
- local business and industry
- educated and skilled employees
- technology uptake and usage
- tourism visitors and expenditure

Council facilitates the Shellharbour City Business Network, which has a membership approaching 600 and is the prime mechanism Council uses to maintain contact with the local business community. Regular business-related information is distributed via the Network membership database and Council also hosts free monthly meetings of the Network that include formal presentations from business experts on a range of issues. In addition, regular business development workshops are also conducted by Council free of charge for the local community.

A Back to Business Week event was hosted by Council in March 2017. Council received funding support from the NSW Government to conduct this event for local businesses. The event comprised of presentations by representatives from a number of Government agencies and other organisations on the range of support services available to local businesses, followed by a workshop on how to develop and implement an effective growth strategy for small and medium enterprises. Forty people attended the event and evaluations from workshop participants resulted in a 93% satisfaction level of either 4/5 or 5/5 for each of the evaluation questions. Similar positive feedback was received from each of the presenters, with the representative from the NSW Department of Industry stating that it was the best event he had attended in the region during Back to Business Week.

The Economic Gardening [business development] Program celebrated its tenth year of operation in 2016, having been established by Council in 2006.

It is delivered free to local businesses and has grown significantly since it was established, now catering to businesses in the Shellharbour, Kiama and Wollongong Local Government Areas. It is a formal program that combines business development training and one-on-one coaching with the objectives of growing local enterprises, increasing business capacity in the region and assisting entrepreneurial businesses to achieve their potential. It is acknowledged as the premier business development program operating in the Illawarra region. It has also been the model for similar programs that have been implemented elsewhere in Australia, most recently in the Capricorn Region of Queensland in 2015.

Over 500 businesses have completed the Economic Gardening Program since its inception and the results of the most recent survey of graduates, undertaken in 2016 by the Illawarra Regional Information Service (IRIS), show that they make a significant contribution to the regional economy. These surveys are undertaken every two years as part of a longitudinal study. The results show that the respondent businesses collectively:

- employ directly 553 Full Time Equivalents (FTEs) and have a turnover of \$80.6 million;
- sustain 863 jobs and \$139.4 million in the regional economy;
- increased their direct employment by 230 FTEs (an increase of 74%) and turnover by \$34.3 million (an increase of 66.3%) since completing the program;
- generated an additional 310 FTEs and \$58.8m in turnover for the local economy;
- overall, 94.9% of respondents indicated they would recommend the program to others and 87% of respondents stated that the program had a positive impact on their business

The IRIS report again noted, as in reports for previous surveys, that the trading and profitability results of these businesses are significantly higher than other businesses across the Illawarra region. These surveys are undertaken every two years as part of a longitudinal study. Many of the businesses have also achieved further success, especially by winning a range of business awards. As a result of the program's long standing and continued evolution to accommodate the local business operating environment, Shellharbour City Council is recognised as a leader in the Local Government sector in the support of business to facilitate job creation and to deliver positive economic development outcomes.



# Leadership

## Objectives

- 4.1 Led by a Council that effectively represents the community
- 4.2 Supported by a Council that is responsive, accountable and financially viable

- Implemented Fit for the Future reforms
- First in Australia to utilise the award winning US system 'Peak Democracy'
- Celebrated NAIDOC Week and hosted the Regional Awards Dinner
- Engaged with community on the Civic Centre Project
- Adopted the Aboriginal Employment Strategy
- Established Shellharbour as a Refugee Welcome Zone
- Adopted the Sustainable Financial Strategy
- Celebrated 15th anniversary of Aboriginal Advisory Committee (AAC) in 2013 with creation of documentary paying tribute to achievements of members and staff
- Continued to consult and inform the community via regular statutory reporting
- Commenced implementation of a series of organisational reforms to support continuous business improvement and focus on the Community, Councillors, Customer and the Council
- Transformation from Merge Proposal to Non-Merge Proposal Status

## Fit for the Future ratios

Council has continued to strengthen its position in regards to the NSW Government's Fit for the Future Ratios. The Local Government reform process was introduced to measure a Council's ability to deliver quality services and infrastructure to its community. It should be noted that estimates have been provided for each ratio for 2016/17, due to the financials for that year not being finalised at the time of writing.

Ratio Description	2012/13 result	2016/17 estimate
Operating Performance	-14.3%	5.7%
Own Source Revenue	76.2%	80.5%
Debt Service	0.2%	0.9%
Infrastructure Renewals	32.1%	264.1%
Infrastructure Backlog	11.5%	1.6%
Asset Maintenance	57.0%	109.0%
Real Operating Expenditure Per Capita	1.0	Declining trend

The Operating Performance ratio compares Council's day to day operating revenues against its day to day expenses. The benchmark for this ratio is greater or equal to 0%. Council's result in 2012/13 was negative 14.3%. That position has significantly improved each year since that time with a forecast positive 5.7% for 2016/17. The continuous improvement can be attributed to three main initiatives; the four year Special Rates Variation (SRV) which began in 2013/14; a two stage review of annual depreciation expenses and lastly productivity gains achieved through an ongoing internal efficiency program.

The Own Source Revenue ratio measures Council's degree of reliance on external funding sources. The benchmark for this ratio is a minimum of 60%. Council continues to explore revenue producing initiatives outside of the main income source of rates and annual charges. This will ensure this ratio remains well above the benchmark of 60%.

The Debt Service ratio compares the level of loan repayments against total revenue in a particular year. The benchmark is a figure greater than 0% but less than

20%. While Council's level of debt has increased since 2012/13, the current levels can be still considered very low. This is highlighted by the ratio estimate for 2016/17 of 0.9%, compared to a maximum target of 20%. Council's Long Term Financial Plan forecasts additional borrowings each year for the next four financial years. Despite this borrowing increase, this ratio is still forecast to remain at a level around 2.5% at the end of this four year period.

The Infrastructure Renewals ratio assesses the rate at which Council is renewing its infrastructure assets compared to the rate at which they are depreciating. The benchmark for this ratio is a minimum of 100%. The SRV which was approved in 2013 on the basis of the additional rate funding being spent on asset renewal, has had a significant effect on the improvement of this ratio since 2012/13. One off significant capital projects, which are currently being constructed, can be attributed to the ratio being so far above the benchmark in 2016/17.

The Infrastructure Backlog ratio compares the value of the infrastructure asset backlog against the total value of Council's infrastructure assets. The benchmark for this ratio is a maximum of 2%. The favourable reduction in the ratio position since 2012/13 can be attributed to a revised interpretation of how the ratio should be calculated along with additional funding being allocated to the infrastructure asset area.

The Asset Maintenance ratio compares what Council is spending on annual maintenance against what is required to prevent the infrastructure backlog growing. The benchmark for this ratio is a minimum of 100%. Council's understanding of its required annual maintenance levels has significantly improved since 2012/13, resulting in the favourable ratio trend.

The Real Operating Expenditure Per Capita ratio measures operating expenditure levels over time after adjusting for inflation. The benchmark for this ratio is for a declining trend over time. The 10 year forecast for this ratio reflects a constant decline each year as Council continues to identify cost savings through its internal efficiency program.



## Community Engagement

Council has pioneered a new online engagement portal, the first in Australia, to utilise the award winning US system 'Peak Democracy'. Offering greater accessibility to our community with a 24/7 presence, this system is open and transparent with a range of discussions and feedback already captured. This tool was added to the range of engagement processes Council uses to ensure that the community's views are incorporated into Council's policies, processes and decision-making. These range from formal public exhibition periods to meetings and online consultations. The collaboration of community and Council has made it possible to establish guidelines and set targets for a broad number of initiatives. Council also established a Community Engagement Toolkit and revised the Community Engagement Policy to provide staff and the community with a robust engagement framework.

In addition, Council established an 'Ideas Box' - a pop-up shop located on the lower ground floor of Council's administration building. The vacant shop was transformed into a fun and creative space. Each day focussed on specific community service subjects. Themes addressed included: Healthy Ageing; Community Strategic Plan; Pop up E-Library; Everything Art; Community Safety; Live Green; and Tourism. The purpose of the 'Ideas Box' was to generate interest and challenge stakeholders' perceptions of Council's engagement style. The 'Ideas Box' engaged with over 400 people directly and sparked the interests of a number of passers-by. The 'Ideas Box' engaged a wide range of people from the local community, visitors to the area and local business people. It also provided an opportunity for staff to enquire about topics of interest and to engage with staff from other areas of Council.

In anticipating the needs of the community, a new website was established that makes it easier for people to access Council information from any location. The layout and design of the new site engages the audience with local information including latest news, events and online services. The website is compatible with a range of technologies and can self-adjust to suit the mobile technology's form. As a virtual extension of our business, the website makes public access to information easy and provides increased opportunities to engage with Council. Information is provided in easy to follow, logical patterns with links to relevant documents.

Council undertakes a community survey every two years to stay up-to-date with community perceptions about Council's service delivery and identify issues of community importance. The aim of the survey is to canvass the attitudes and opinions of residents about the services and facilities provided by Council. Telephone interviews are conducted with randomly selected residents of Shellharbour's Local Government Area. The results of the survey are used to identify areas where service delivery can be improved. A process is in place to formally review these service delivery areas to identify appropriate.



## Celebrating Our Heritage

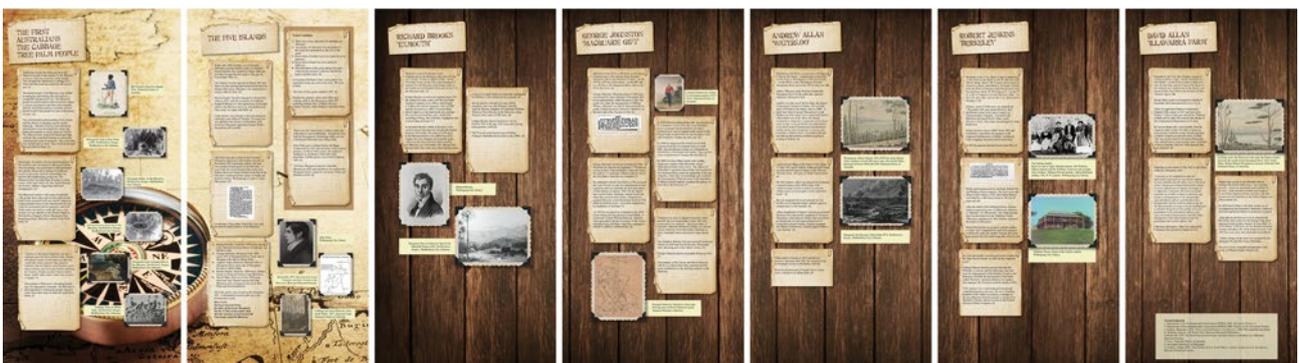
We want our City to continue to recognise, protect and celebrate our history. A free mobile application, 'Tread Shellharbour', has been developed to assist local residents and visitors to take guided tours of more than 50 historic places across Shellharbour City. This app aims to promote the history of the City, its people, and some of our City's most beautiful locations.

A partnership between Council and Stockland Shellharbour saw the development of a Heritage Interpretation Wall, installed in the walkway within the shopping centre. The vibrant and locally significant artwork forms part of the atmosphere and retail experience of the centre and encourages shoppers and members of the community to feel a connection to, relationship with, and appreciation of the City in which they live. The artwork includes photographs, maps and oral histories from the museum collection and features some of our City's best-known 'locals'.

The Illawarra region commemorated its bicentenary of European settlement in 2015/16. To mark the occasion, Shellharbour City Council and Wollongong City Council participated in a joint initiative with the Bicentenary Committee to appropriately acknowledge this milestone in our region's history. It was titled 'Illawarra 200: Shared Values, Shared Future'. The focus of this program was to support the development of a broad range of events and activities that acknowledge the 200th anniversary of land grants issued in the Illawarra. Events featured individual stories woven together to create the collective cultural story of the Illawarra region. As part of those events, Council developed a travelling exhibition for display across the City. The exhibition tells the story of the first five land grants issued in the region.

The stories and experiences of almost 200 local soldiers and nurses were told online in a special commemorative anniversary exhibition that was conducted in remembrance of the Centenary of Anzac – 100 years since World War One, entitled 'Shellharbour Anzacs'. The digital exhibition included stories of the Shellharbour and Albion Park Rifles, the Illawarra Lancers, the Light Horse, Red Cross, Waratah March, Rolls of Honour and organisations and community groups that contributed to the war effort from home. The exhibition honoured local men and women who served in the war and payed tribute to their families as part of the commemoration. Images and stories provided a connection to these people, who fought so hard and sacrificed so much for our freedom. The online exhibition featured artefacts from the museum collection, including war diaries, uniforms, letters, postcards, photographs, personal effects and memorabilia relevant to Shellharbour City. As part of the 'Shellharbour Anzacs' exhibition, an online 'Shellharbour Roll of Honour' was developed which included family, enlistment, and service details of almost 700 Shellharbour, Jamberoo and Kiama World War One soldiers.

Council's Aboriginal Advisory Committee (AAC) celebrated its 15th Anniversary in 2013. The committee encourages the recognition of Aboriginal history, culture and people to ensure equitable access to a range of services in the community and the participation of Aboriginal people in determining the future of the local area. A documentary was created for the occasion which captured photos, paid tribute to some of the many achievements over the past 15 years and featured interviews from past and present AAC members and staff improvements. In National Reconciliation Week 2017, Shellharbour City Council celebrated the 50th Anniversary of the 1967 Referendum and 25th Anniversary of the Mabo decision.



## Transformation from Merge Proposal to Non-Merge Proposal Status

During this quarter, Council has transformed from being subject to a proposal to merge with Wollongong City Council, to a non-merge proposal status. Prior to the announcement of 14 February 2017 that the merge proposal would not be proceeding, Council maintained a business as usual model, whereby services and products continued to be provided to the community, while Council managed its NSW Court of Appeal challengers to the proposal.

Since the announcement of February, 2017, Council has swiftly moved to commencing a series reforms

that will see the organisation implement business improvement programs, continuous improvement strategies, cultural and structural change and a focus on the Community, Councillors, the Customer and the Council.

This rapid movement of organisational focus from a merge proposal to a non-merge proposal status has been supported by the elected Councillors on behalf of the community and has been facilitated by the willingness of Councillors to be flexible, pragmatic and patient as change occurs.





Shellharbour  
CITY COUNCIL

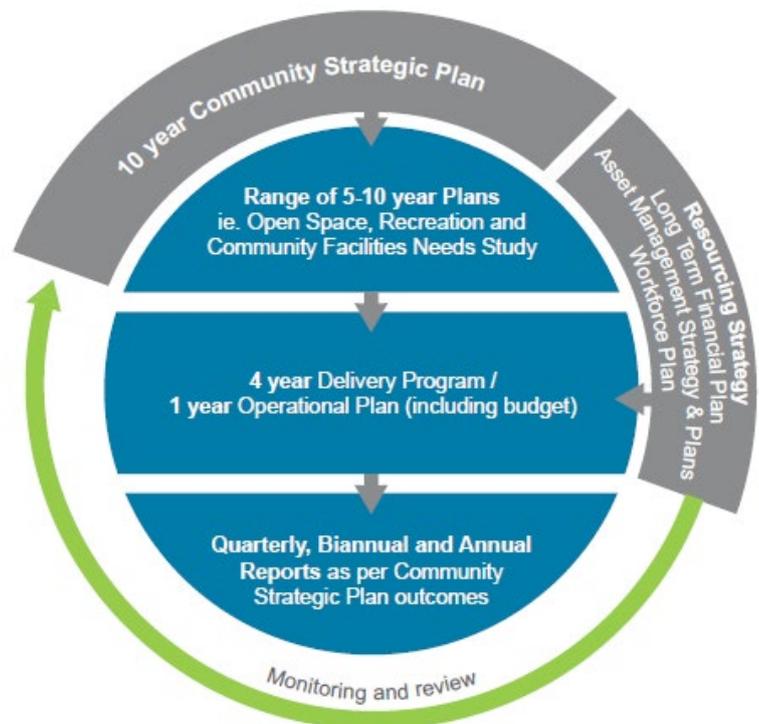
## End of Term Report 2011-2017

# PROGRESS TOWARDS ACHIEVING CSP OBJECTIVES

This End of Term Report is prepared by the outgoing Council and outlines the progress and achievements in relation to objectives in the Community Strategic Plan (CSP).

Shellharbour's CSP 2013-2023 describes a ten-year vision and sets a direction for the City. It is developed and delivered as a partnership between Council and the community, focusing on ten objectives under the four pillars of Community, Environment, Economy and Leadership. Cascading from the objectives are the strategies implemented to achieve and the community indicators used to monitor our progress in achieving those objectives.

In consultation with the community and staff, 25 community indicators and 112 measures were developed to track our progress over time. Data provided in this report was sourced from within, as well as external to Council, and is based on information that is available as at 30 June 2017.





Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017

# HOW TO READ THIS DOCUMENT

## CSP Community Indicators

Community indicators have been assigned to measure how successful we have been in achieving the desired outcome for each CSP Objective.

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Number of people at council-related events		13,950 (Internal data)		18,100 (Internal data)	
2) Satisfaction with community events and activities		Mean score - 3.49 (Community Survey 2012)		Mean score - 3.74 (Community Survey 2016)	
3) Level of connection felt within the community		Mean score - 3.57 (Community Survey 2012)		Mean score - 3.52 (Community Survey 2016)	

### Measures

Measures have been developed to collect data to show how effectively we are working towards these community indicators.

### Baseline and Source

The baseline data for the 2012/2013 financial year is displayed here as well as where the data came from.

### Comparative Data and Source

Comparative data for the 2016/2017 financial year is displayed here as well as where the data came from.

### Council Influence

This demonstrates whether Council has 'control' or 'influence' or whether the measure is reported as a matter of 'concern' to the community.

### Desired Trend

This refers to the direction of change we would like to see when we compare the baseline data and comparative data. That is, to either increase, decrease or to remain the same.

### Status

The status shows whether the change has been consistent with the desired trend, or we are not achieving the desired trend, or there has been no change, or there is no comparative data available.

### Spheres of Council Influence

- Control** - Policy areas that are in direct control of Shellharbour City Council
- Influence** - Issues that Shellharbour City Council does not control but can influence
- Concern** - Those areas that Shellharbour City Council neither controls nor is likely to influence but that are of concern to the community and impact on its wellbeing

### Desired Trend Key

- Increase
- Decrease
- Same

### Status

- On track** - Consistent with the desired trend
- Not on track** - Not achieving the desired trend
- No change**
- No trend** - No comparative data available at this stage

### Abbreviations

<b>ABS</b>	Australian Bureau of Statistics	<b>CSP</b>	Community Strategic Plan
<b>BOCSAR</b>	Bureau of Crime Statistics and Research	<b>ISLHD</b>	Illawarra Shoalhaven Local Health District
<b>CO2e-</b>	Carbon Dioxide Equivalent	<b>LGA</b>	Local Government Area



# Community

## 1.1 | Vibrant, safe and inclusive City

### CSP Community Indicator

1.1 a) An increase in community members participating in community events, activities and organisations

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Number of people at Council-related events		13,950 (Internal data)		22,000 (Internal data)	
2) Satisfaction with community events and activities		Mean score - 3.49 (Community Survey 2012)		Mean score - 3.74 (Community Survey 2016)	
3) Level of connection felt within the community		Mean score - 3.57 (Community Survey 2012)		Mean score - 3.52 (Community Survey 2016)	

### CSP Community Indicator

1.1 b) An increase in the number of Shellharbour City residents who spend time volunteering

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Percentage of Shellharbour's population who spent time doing voluntary work through an organisation or group during the past 12 months		13.0% (6,529) (ABS Census 2011)		14.7% (8,047) (ABS Census 2016)	

### CSP Community Indicator

1.1 c) An improvement in the proportion of people who feel and are safe in our City

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Malicious damage		1,016 Rate per 100,000 population (BOCSAR) *Figure based on April 2012 – March 2013 data		690 Rate per 100,000 population (BOCSAR) *Figure based on April 2016 – March 2017 data	
2) Assault					
a) Domestic violence related		378.6 Rate per 100,000 population (BOCSAR) *Figure based on April 2012 – March 2013 data		319.9 Rate per 100,000 population (BOCSAR) *Figure based on April 2016 – March 2017 data	
b) Non –domestic violence related		406.8 Rate per 100,000 population (BOCSAR) *Figure based on April 2012 – March 2013 data		328.5 Rate per 100,000 population (BOCSAR) *Figure based on April 2016 – March 2017 data	
3) In my neighbourhood, I feel safe walking by myself during the day		Mean score - 4.60 (Community Survey 2012)		Mean score - 4.50 (Community Survey 2016)	

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
4) In my neighbourhood, I feel safe walking by myself after dark		Mean score - 3.12 (Community Survey 2012)		Mean score - 3.30 (Community Survey 2016)	

## CSP Community Indicator

1.1 d) An increase in community members who are accessing and are satisfied with the range and quality of our community and cultural facilities

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Satisfaction with cultural activities		Mean score - 3.68 (Community Survey 2012)		Mean score - 3.64 (Community Survey 2016)	
2) Number of visitors to community services and facilities including:					
a) Libraries		174,625 visitors (Internal data) <i>Note: This figure only includes physical visits to the library not our digital branch online</i>		174,429 visitors (Internal data) <i>Note: This figure only includes physical visits to the library not our digital branch online</i>	
b) Museum		1,772 visitors (Internal data)		2,892 visitors (Internal data)	
c) Youth centres		1,451 - Blackbutt 1,606 - Albion Park & Albion Park Rail 2,253 - contacts with schools (Internal data)		858 - Blackbutt 1,798 - Albion Park & Albion Park Rail 2,425 - contacts with schools (Internal data)	
d) Shellharbour Village Exhibition Space		27 - number of hirers 178 - number of days hired (Internal data)		21 - number of hirers 87 - number of days hired (Internal data) <i>Note: The hire fee was subsidised during the 2012/2013 period with additional staff to promote bookings</i>	
e) Community centres		37,744 (Internal data)		90,238 (Internal data) <i>Note: Significant change due to increased use of Centenary Hall and the new inclusion of Flinders and Shell Cove Community Centres in figures.</i>	

## 1.2 | Active and healthy community

### CSP Community Indicator

#### 1.2 a) An improvement in the proportion of people who are and feel healthy

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Total hospitalisations		39,875.9 (Rate per 100,000 population for Shellharbour LGA for 2012-2013) (NSW Combined Admitted Patient Epidemiology Data and ABS population estimates (SAPHaRI), Centre for Epidemiology and Evidence NSW Ministry of Health)		33,319.6 (Rate per 100,000 population for Shellharbour LGA for 2015-2016) (NSW Combined Admitted Patient Epidemiology Data and ABS population estimates (SAPHaRI), Centre for Epidemiology and Evidence, NSW Ministry of Health)	
2) Life expectancy at birth of:					
a) Males		80.5 (ISLHD Health Data for 2012) (SAPHaRI), Centre for Epidemiology and Evidence, NSW Ministry of Health)		No comparative data available at this stage	
b) Females		84.4 (ISLHD Health Data for 2012) (SAPHaRI), Centre for Epidemiology and Evidence, NSW Ministry of Health)		No comparative data available at this stage	
3) Percentage of people who have excellent, very good, or good self-rated health status		78.7% (ISLHD Health Data for 2012 for persons over the age of 16 years)		77.5% (ISLHD Health Data for 2016 for persons over the age of 16 years)	

### CSP Community Indicator

#### 1.2 b) Increased community participation in sporting and passive recreational opportunities

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Usage of services and facilities including swimming pools and sportsfields including:					
a) Number of registered players		8,087 (Internal data)		6,117 (Internal data)	
b) Number of visits to pools		90,071 (Internal data)		166,845 (Internal data) <i>Note: Significant increase due to Pool Open Days, free entry for seniors during Seniors Week 2016 and 2017 and increased promotion</i>	
c) Number of sports fields bookings		166 (Internal data)		306 (Internal data)	

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
2) Percentage of people undertaking adequate physical activity		41.7% (ISLHD Health Data for 2013 for persons over the age of 16 years) (NSW Population Health Survey (SAPHaRI). Centre for Epidemiology and Evidence, Ministry of Health)		46.2% (ISLHD Health Data for 2016 for persons over the age of 16 years) (NSW Population Health Survey (SAPHaRI). Centre for Epidemiology and Evidence, Ministry of Health)	

## CSP Community Indicator

1.2 c) An increase in community members who are accessing and are satisfied with the range and quality of our recreational facilities

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) 90% of residential lots are within 400m walkable distance to an open space area		93% Shellharbour LGA (Internal data)		94% Shellharbour LGA (Internal data)	
2) Satisfaction with facilities and services provided at public swimming pools		Mean score - 3.58 (Community Survey 2012)		Mean score - 3.72 (Community Survey 2016)	
3) Satisfaction with standard of recreation services and facilities, including swimming pools and sportsfields		Mean score - 3.53 (Community Survey 2012)		Mean score - 3.78 (Community Survey 2016)	



# Environment

## 2.1 | Protects and promotes its natural environment

### CSP Community Indicator

#### 2.1 a) Improved standards of water quality for our creeks, waterways and oceans

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Suitability of the following beaches and lakes for swimming and other recreational activities					
North Shellharbour		Good (Beachwatch)		Good (Beachwatch)	
Warilla		Good (Beachwatch)		Good (Beachwatch)	
Lake Illawarra entrance		Fair (Beachwatch)		Fair (Beachwatch)	
2) Average compliance across the LGA in relation to:					
Bacteriological		70% (Internal data)		82.5% (Internal data)	
Nutrient		60% (Internal data)		69% (Internal data)	
Physiochemical		78% (Internal data)		70% (Internal data)	
3) Number of pollution control devices		2 (Internal data)		0 (Internal data) <i>Note: Two detailed designs undertaken for construction in the 2017/2018 financial year.</i>	
4) Tonnes of waste collected		106.34 tonnes (Internal data)		157.49 tonnes (Internal data) <i>Note: In 2012/2013 all waste material was taken to Shellharbour Waste Depot. In 2016/2017 the Shellharbour Waste Depot no longer had authority to accept waste material under new Environment Protection Authority guidelines. All waste is now taken to a Council authorised tip site.</i>	

## CSP Community Indicator

### 2.1 b) An increase in the number of residents who spend time caring for the natural environment

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Number of bushcare, landcare and parkcare groups/ programs		6 groups 100 working bees (Internal data)		8 groups 143 working bees (Internal data)	
2) Number of volunteer hours in bushcare, landcare and parkcare programs		1,700 (Internal data)		3,091 (Internal data)	
3) Number of people who participated in Council's environmental activities		2,840 (Internal data)		2,473 (Internal data)	

## 2.2 | Practices sustainable living

## CSP Community Indicator

### 2.2 a) A reduction per capita of tonnes of waste to landfill

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) All kerbside waste material generated by households and collected by Shellharbour City Council		198kg/person/annum (NSW Local Government Waste and Resource Recovery Data)		183kg/person/annum (NSW Local Government Waste and Resource Recovery Data)	
2) Kerbside recyclable waste generated by households and collected by Shellharbour City Council		96kg/person/annum (NSW Local Government Waste and Resource Recovery Data)		100kg/person/annum (NSW Local Government Waste and Resource Recovery Data)	
3) Kerbside organics generated by households and collected by Shellharbour City Council		105kg/person/annum (NSW Local Government Waste and Resource Recovery Data)		168kg/person/annum (NSW Local Government Waste and Resource Recovery Data)	
4) Kerbside Resource Recovery Rate		50.5% (NSW Local Government Waste and Resource Recovery Data)		60% (NSW Local Government Waste and Resource Recovery Data)	

## CSP Community Indicator

### 2.2 b) An increase in the use of alternative energy and water sources

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Reduce emissions from Dunmore Recycling and Waste Disposal depot to less than 25,000 tonne CO2e-		33,640 tonne CO2-e (Internal data)		16,373 tonne CO2-e (Internal data)	
2) Shellharbour City Council facilities' energy usage		14,499 GJ (Energy Utilities)		9,499 GJ (Energy Utilities)	
3) Total water consumption across Shellharbour LGA		5,082,584 kilolitres (Sydney Water)		5,249,581 kilolitres (Sydney Water) *Figure based on 2015/16 data	

## 2.3 | A liveable City that is connected through places and spaces

### CSP Community Indicator

#### 2.3 a) Improved housing choice in our City that takes into account population growth, community needs and affordability

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) A variety of dwelling types are provided					
Separate house		19,915 (81.4%) (ABS Census 2011)		20,866 (79.0%) (ABS Census 2016)	
Medium density		4,037 (16.5%) (ABS Census 2011)		4,978 (18.8%) (ABS Census 2016)	
High density		127 (0.5%) (ABS Census 2011)		19 (0.1%) (ABS Census 2016)	
Caravans, cabins, house-boats		329 (1.3%) (ABS Census 2011)		370 (1.4%) (ABS Census 2016)	
Other		57 (0.2%) (ABS Census 2011)		59 (0.2%) (ABS Census 2016)	
Not stated		4 (0.0%) (ABS Census 2011)		136 (0.5%) (ABS Census 2016)	
Total private dwellings		24,469 (100%) (ABS Census 2011)		26,428 (100%) (ABS Census 2016)	
2) Percentage of households in the lowest 40% of household income range with housing costs of 30% or more of gross income (rent)		32% (ABS Census 2011)		35.8% (ABS Census 2016)	
3) Percentage of households in the lowest 40% of household income range with housing costs of 30% or more of gross income (mortgage repayments)		11.6% (ABS Census 2011)		9.8% (ABS Census 2016)	
4) Percentage of people living in social housing (includes public, community and Aboriginal housing)		7.7% (ABS Census 2011)		6.9% (ABS Census 2016)	
5) Number of Development Applications assessed and percentage approved		546 assessed 95.6% approved (Internal data)		536 assessed 94% approved (Internal data)	

## CSP Community Indicator

### 2.3 b) Reduction on the dependence of vehicles within our City and promotion of sustainable transport options

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Percentage of people who used public transport to travel to work on Census day		746 (2.8%) (ABS Census 2011)		No comparative data available at this stage	
2) Percentage of people who rode a bicycle or walked to work on Census day		492 (1.8%) (ABS Census 2011)		No comparative data available at this stage	

## CSP Community Indicator

### 2.3 c) An increase in community satisfaction with the quality of our community assets

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Satisfaction with general appearance of public areas		Mean score - 3.30 (Community Survey 2012)		Mean score - 3.28 (Community Survey 2016)	
2) Satisfaction with youth services		Mean score - 3.46 (Community Survey 2012)		Mean score - 3.39 (Community Survey 2016)	



# Economy

## 3.1 | Infrastructure is planned and managed in a way that meets the community's needs

### CSP Community Indicator

3.1 a) An increase in utilisation and satisfaction with our infrastructure, assets and facilities

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Satisfaction with maintenance of footpaths		Mean score - 3.29 (Community Survey 2012)		Mean score - 3.30 (Community Survey 2016)	
2) Satisfaction with maintenance of cycle ways		Mean score - 3.59 (Community Survey 2012)		Mean score - 3.65 (Community Survey 2016)	
3) Satisfaction with construction and maintenance of local roads, footpaths and kerbing (excluding highways and main roads)		Mean score - 3.11 (Community Survey 2012)		Mean score - 3.22 (Community Survey 2016)	
4) Satisfaction with traffic management and parking facilities		Mean score - 3.35 (Community Survey 2012)		Mean score - 3.55 (Community Survey 2016)	
5) Satisfaction with recreational/services and facilities – swimming pools and sportsfields		Mean score - 3.53 (Community Survey 2012)		Mean score - 3.81 (Community Survey 2016)	
6) Satisfaction with appearance of public areas including provision and upkeep of local parks and playgrounds		Mean score - 3.53 (Community Survey 2012)		Mean score - 3.28 (Community Survey 2016)	
7) Satisfaction with cultural and education services and facilities – Community centres and public buildings		Mean score - 3.68 (Community Survey 2012)		Mean score – 3.69 (Community Survey 2016)	
8) Percentage of homes with internet access		16,731 homes (72.7%) (ABS Census 2011), 88.5% (Community Survey 2012)		19,169 homes (77.5%) (ABS Census 2016), 89.2% (Community Survey 2016)	
9) Satisfaction with the quality of internet connection at home		Mean score - 3.51 (Community Survey 2012)		Mean score – 2.98 (Community Survey 2016)	

## CSP Community Indicator

### 3.1 b) Increase our asset renewal ratio

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Infrastructure renewal ratio		0.32 (Internal data)		2.64 (Internal data) <i>Note: Significant increase due to introduction of Special Rate Variation (SRV)</i> <i>*Figure based on forecast data</i>	
2) Renewal Expenditure		\$4,125,000 (Internal data)		\$24,634,000 (Internal data) <i>Note: Council has significantly focussed on Asset Renewal in the past few years as outlined in Council's Resourcing Strategy. This is indicated through the Asset Renewal Ratio and increased renewal expenditure, with Council now achieving the required benchmark as part of the Fit for the Future reforms.</i> <i>*Figure based on forecast data</i>	

## 3.2 | Supported by a strong local economy with business and employment opportunities

## CSP Community Indicator

### 3.2 a) Increase the number of community members who are satisfied with the range of jobs, products and services that are available within their community

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Measures of gross regional product		\$1.56 billion (ABS)		\$2.319 billion (ABS June 2016)	
2) Number of businesses		2,840 (ABS)		3,068 (ABS, Counts of Business, 2015-2016)	
3) Number of jobs		13,900 (ABS Census 2011)		No comparative data available at this stage	
4) Outcomes for participants of the Economic Gardening Program					
a) Percentage increase in full time equivalent jobs since completing the Economic Gardening Program		20.05% (2012 Participant Survey)		71.2% (2016 Participant Survey)	
b) Percentage increase in turnover since completing the Economic Gardening Program		47.02% (2012 Participant Survey)		74% (2016 Participant Survey)	
5) Satisfaction with support for businesses and local employment opportunities		Mean score - 3.13 (Community Survey 2014)		Mean score - 3.28 (Community Survey 2016)	

## CSP Community Indicator

### 3.2 b) An increase in the number of residents who study and work locally

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Percentage of jobs within Shellharbour region that are filled by Shellharbour residents		61% (ABS Census 2011)		No comparative data available at this stage	
2) Percentage of Shellharbour residents aged 15 years and over who are participating in the workforce		58.9% (ABS Census 2011)		No comparative data available at this stage	
3) Percentage of people who have received the following qualification in the Shellharbour LGA:					
a) Bachelor or higher degree		4,081 (8.2%) (ABS Census 2011)		No comparative data available at this stage	
b) Advanced diploma or diploma		3,506 (7%) (ABS Census 2011)		No comparative data available at this stage	
c) Vocational		12,654 (25.3%) (ABS Census 2011)		No comparative data available at this stage	
d) Year 12 completed		15,097 (30.2%) (ABS Census 2011)		19,018 (34.7%) (ABS Census 2016)	
e) Year 10 completed		18,429 (36.8%) (ABS Census 2011)		18,729 (34.1%) (ABS Census 2016)	
4) Percentage of Shellharbour residents aged 15 years and over who are unemployed		6.8% (ABS Census 2011)		No comparative data available at this stage	
5) Shellharbour Index of Relative Socio-Economic Disadvantage		968.6 (ABS Census 2011)		No comparative data available at this stage	

## 3.3 | Welcomes, engages and attracts visitors

### CSP Community Indicator

#### 3.3 a) Increase in visitors to the City

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Tourism accommodation					
a) Visitor arrivals		943,000 (Tourism NSW Data for Illawarra)		974,000 (Tourism NSW Data for Illawarra) *Figure for year end March 2016	
b) Visitor nights		2.293 million (Tourism NSW Data for Illawarra)		2.7 million (Tourism NSW Data for Illawarra) *Figure for year end March 2016	
c) Length of stay		4 nights - domestic overnight stay 14 nights - international overnight stay (Tourism NSW Data for Illawarra)		3 nights - domestic overnight stay 24 nights - international overnight stay (Tourism NSW Data for Illawarra) *Figure for 2015	
d) Visitor expenditure per night		\$128 per night (Tourism NSW Data for Illawarra)		\$112 per night (Tourism Research Australia)	
e) Website hits – Tourism Shellharbour		99,658 unique visitors (Internal data)		92,852 unique visitors (Internal data)	

### CSP Community Indicator

#### 3.3 b) An increase of tourism enterprises that encourage people to stay and play in Shellharbour City

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Number of people who are members of Tourism Shellharbour		143 (Internal data)		145 (Internal data)	
2) Number of people employed in the tourism sector in Shellharbour		558 (Remplan – ABS Census 2011)		602 (Remplan – ABS 2015-16)	
3) Tourism output		\$86.876 million (Remplan 2012-13)		\$105.828 million (Remplan 2015-16)	



# Leadership

## 4.1 | Led by a Council that effectively represents the community

### CSP Community Indicator

#### 4.1 a) Increased confidence in our City's elected representatives

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Overall satisfaction with Councillors		Mean score - 3.08 (Community Survey 2014)		Mean score - 3.11 (Community Survey 2016)	

### CSP Community Indicator

#### 4.1 b) Increased community participation in community engagement opportunities

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Number of visits to Shellharbour City Council's website		251,414 (Internal data)		210,847 (Internal data) <i>Note: Decrease is attributed to loss of libraries as part of main website, more information now available through social media and the introduction of eServices.</i>	
2) Followers on Twitter		1,050 (Internal data)		2,622 (Internal data)	
3) Likes on Facebook		524 (Internal data)		6,079 (Internal data)	
4) Number of outcomes through the Aboriginal Advisory Committee		8 (Internal data)		21 (Internal data)	
5) Number of consultations held with the Aboriginal community in relation to culture and heritage		17 (Internal data)		12 (Internal data)	

## 4.2 | Supported by a Council that is responsive, accountable and financially viable

### CSP Community Indicator

#### 4.2 a) Maintain compliance with the requirements of the Office of Local Government guidelines and legislation

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Compliance with Department of Local Government's annual calendar		100% (Internal data)		100% (Internal data)	
2) Financial ratios:					
a) Operating Performance Ratio		-14.3% (Internal data)		5.7% (Internal data)	
b) Own Source Operating Revenue		76.16% (Internal data)		80.5% (Internal data)	
c) Unrestricted Current Ratio		2.86 (Internal data)		2.65 (Internal data)	
d) Debt Service Cover Ratio		11.89 (Internal data)		17.46 (Internal data)	
e) Rates, annual charges, interest and extra charges outstanding percentage		4.93% (Internal data)		4.60% (Internal data)	

### CSP Community Indicator

#### 4.2 b) Increase levels of customer satisfaction through the provision of accessible information

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Satisfaction with overall performance of Council's staff					
a) Those that had made contact with Council in the last 12 months		Mean score - 3.98 (Community Survey 2012)		Mean score - 3.68 (Community Survey 2016)	
b) Those that had not made contact with Council in the last 12 months		Mean score - 3.85 (Community Survey 2012)		Mean score - 3.80 (Community Survey 2016)	
2) The extent to which Council staff are generally courteous and helpful		Mean score - 4.02 (Community Survey 2012)		Mean score - 4.60 (Community Survey 2016)	
3) The extent to which Council staff deal with people quickly and efficiently		Mean score - 3.74 (Community Survey 2012)		Mean score - 3.87 (Community Survey 2016)	
4) Number of documents proactively released		19 (Internal data)		11 (Internal data) <i>Note: Council is also proactive in making Council information available to the public on its website. This comparative result does not capture this.</i>	

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
5) Percentage of formal applications processed within statutory timeframes		100% (Internal data)		100% (Internal data)	
6) Number of informal applications received		523 (Internal data)		569 (Internal data)	

## CSP Community Indicator

### 4.2 c) Reduction in the number of preventable emergencies

Measures	Council Influence	Baseline Data (2012/2013) and Source	Desired Trend	Comparative Data (2016/2017) and Source	Status
1) Number of emergency management exercises that staff have participated in to improve the ability to respond to an emergency situation		1 (Internal data)		1 (Internal data)	



Shellharbour  
CITY COUNCIL

## End of Term Report 2011-2017

# WHAT HAPPENS AFTER THIS REPORT?

In order to create a dynamic City, Council seeks to involve all stakeholders - including individuals of all ages, community groups, businesses and government agencies. Shellharbour City's vision belongs to the entire community and successful collaboration is key to realising this vision.

The End of Term Report is a living document that is reviewed by the incoming Council at the beginning of each Council term to take account of changing local issues.

It is also important to ensure that measures are regularly revisited in order to collect comparative data for each financial year, as these data become available.

The targets and measures used in this document will be reviewed to ensure that we are on the right track in moving towards achieving the Objectives within the Community Strategic Plan 2013-2023.